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PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Paris, Wednesday, November 4, 1998

The World's Daily Newspaper

See Assessed of the second of the latest and the la Turnout Is Key To U.S. Election; **Many Contests** Harry Very us plant Too Close to Call

All House and 34 Senate Seats Up for Grabs, With Modest Her backer can be not go Gains Foreseen for Republicans

By Brian Knowlton

WASHINGTON - Americans voted Tuesday in state and congressional elections marked by few sweeping national issnes, but with a clear awareness that their votes represented their only chance to have any direct impact on the possible impeachment of President Bill Clinton.

A large number of important races, more than in 1994 or 1996, were too close to predict. But it appeared almost certain that Mr. Clinton, already hobbled by an im-

certain that Mr. Clinton, already hobbled by an imminent impeachment inquiry, would face the remainder of his term again presiding over a divided government. Thirty-four Senage seats, 36 governorships and all 14235 seats in the House of Representatives were at stake. Polling stations began closing around 6 P.M. (2300 GMT) in the East, and three hours later in the West. The strong economy and lack of compelling issues The strong economy and lack of compelling issues were combining to keep voter turnout below 40 percent, possibly at record low levels, despite frenetic last-

Asian-Americans in political limelight. Page 10.

minute efforts by both parties. A recent Gallap Poll

found levels of satisfaction among Americans at their highest in three decades. Reflecting that, the election was expected to be remarkably good for incumbents. Voters told pollsters that local issues, from education initiatives to health care, were far more im-

portant to them than the scandal over the president's relationship with Monica Lewinsky. Most candidates ignored the issue. James Thurber, director of the American University

Center for Congressional and Presidential Studies, recently observed debates in six statewide contests across the country. "In no debate did I hear a reference to impeachment, Monica Lewinsky or the president's problems," he said; adding, "There's a great yawn out there. This is a status quo election. Republicans were expected to add modestly to their

control of the House and the Senate, though probably not enough to fan pro-impeachment sentiment in the not enough to ran pro-impeachment sentiment in the House or to give Senate Republicans the 50 seats needed to block Defractatio Industrial They also appeared likely to make gains in gubernatorial and state legislature races. That would continue a trend that has greatly extended the party's dominance at every level but in the White House.

But Republicans appeared headed for far smaller gains in the House than the average since the 1930s of

46 seats for an opposition party controlling Congress in the sixth year of a presidential term.

It may thus be difficult for either party to convincingly proclaim any sort of national mandate for.

change, as Republicans did after taking control of Most polls pointed to a small Republican pickup in both chambers of Congress, perhaps single-digit gains

See ELECTIONS, Page 10



A man continuing the search for family members in Posoltega, Nicaragua, after last week's catastrophic mud slide.

After Storm, Central America Staggers

By James C. McKinley Jr. New York Times Service

MIAMI - Honduran authorities with few resources struggled Tuesday to cope with the catastrophie damage left behind by torrential rains and floods spawned by the hurricane designated Mitch.

Officials said thousands of Hondurans were still trapped by floodwaters in remote

parts of the crippled country. Most major roads and bridges were destroyed by floods or hlocked by mud slides after a week of relentless rain dumped several feet of water on the country.

Honduran military officials estimated Tuesday that at least 5,000 people died in the floods and landslides, though the toll could go higher, and that 11,000 people

[In Nicaragua, floods in the wake of the hurricane killed at least 1,338 people, while 1,817 were still missing, Reuters quoted

government officials as saying.

[The most catastrophic single event appears to have occurred Friday moming in northwestern Nicaragua, where a lake that had formed in the cone of the dormant

See ST()RM, Page 10

Gucci's Ex-Wife Found Guilty in His Murder The verdict was eagerly awaited in a coun-



Patrizia Reggiani in court on Tuesday.

By Alessandra Stanley

ROME - The wealthy socialite Patrizia Reggiani was given a 29-year jail sentence Tuesday hy a jury in Milan for ordering the murder of her former husband, Maurizio Gueel, an heir to the famous leather goods Reggiani's co-conspirators were also

convicted. The hit man who shot Mr. Gucci Reggiani's personal psychic, Giuseppina Auriemma, who first contacted the killers, was given 25 years. Two other accomplices also got heavy sentences.
"Evidently, they didn't believe me," a

stricken Mrs. Reggiani, 50, said moments after her verdiet was read out. As guards began escoring her back to her cell, she muttered, "Truth is the daughter of time."

try that followed the Gucci trial, as it became known when it opened in May, as the ultimate real-life soap opera. The case brought together some of the country's favorite obsessions; sex, money, designer footwear - and astrology. Mrs. Reggiani's personal psychic admitted that she hired the killers, but insisted that she did so at her client's instruction.

Lawyers for Mrs. Reggiani claimed that hile the divorcee had loudly broadcast her in 1995 was given a life sentence. Mrs. desire to see her former husband dead, she never actually carried out her threats. Mrs. Auriemma, they argued, acted on her own, then blackmailed Mrs. Reggiani. Mrs. Reggiani said in a cross-examination that she was forced to pay \$365,000, then added, somewhat confusingly, "It was worth every penny."

One of her lawyers, Giovanni Maria De-

See GUCCI, Page 10

Britain to Allow Deficit, Joining European Move To Lift Growth

No. 35,979

Spain, Portugal and Sweden Cut Interest Rates, Prompting Talk of Additional Reductions

By Tom Buerkle

LONDON - In a clear sign of the growth-oriented policies taking root across Europe, the British government announced Tuesday that it would maintain its spending plans and allow government borrowing to increase in the face of an economic slowdown.

The announcement came as central banks cut interest rates in Spain, Portugal and Sweden, and analysts bet that the Bank of England would cut British

rates on Thursday.

The reductions fueled speculation of further cuts in European interest rates and caused the Deutsche mark to weaken against the U.S. dollar. In Frankfurt, however, Wim Duisenberg, head of the European *Central Bank, vowed to ignore political pressure to ease monetary policy, and analysts called a rate cut hy

the German Bundeshank highly unlikely. (Page 13.)
The fiscal and monetary developments underlined a recent change in emphasis across Europe toward more stimulative economic policies, particularly since the September election of a Social Democratic-led government in Germany. The shift also has been encouraged by two cuts in U.S. interest rates this autumn, and the recent agreement of the Group of Seven industrial nanous that recession — not inflation — posed the higgest risk as a result of the turbulence in glohal financial markets.

In London, Gordon Brown, the chancellor of the Exchequer, told the House of Commons that the slowdown of the global economy would reduce Britain's growth rate to between I percent and 1.5 percent next year, compared with a previous forecast of around

The slowdown will curb tax revenue and tip the government hudget into deficit. Mr. Brown acknowledged. His forecast showed the hudget moving from a surplus of £1.5 billion (\$2.5 hillion) in the current fiscal year, which ends next March, to deficits of £4 hillion and £5 hillion in the following two years. Previously, the government was forecasting a deficit of £1 hillion this year, followed by steadily rising

Despite the deterioration, Mr. Brown said the govemment would stick to its plans to increase spending on health and education by nearly £40 hillion, or 5 percent a year, over the next three years. He also expressed his desire for lower interest rates, pointing out that the government's forecast showed inflation remaining subdued.

Fiscal and monetary policy can both together

contribute to stability and growth in the very years." Mr. Brown said. His forecast saw a swift years." Mr. Brown said. His forecast saw a swift years. rebound in growth to around 2.5 percent in the year 2000 and 3 percent in 2001.

While the opposition Conservative Party criticized Mr. Brown's spending plans as reckless, many economists welcomed them, saying they should help support economic activity in spite of the weakness of the

See RATES, Page 10

AGENDA

Iran Leader Bars New Ties With U.S.

The supreme leader of Iran, Ayatollah Sayed Ali Khamenei, said Tuesday there would be no normalization of ties with the United States. Tehran also said it was recalling its ambassador to the Czech Republic over the launch of broadcasts in Persian by the Prague-based Radio Free Europe/Radio Liberty. Page 10.

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Arafat's Gamble: Taming Hamas Without Provoking a Backlash

By Lee Hockstader Washington Pust Service

GAZA - Yasser Arafat sipped his cream of mushroom soup in small precise spoonfuls, his lower lip quivering, his left hand shaking, delicate and bleached white by depigmentation. He gave an impression of frailty, and his answers to a reporter's questions were

so concise Tuesday as to be Delphie. On one point, though, he was un-yielding, and crystal clear: The wave of arrests he ordered last week to squash the militant Islamic group Hamas is not over, he said in an interview.

Asked if the roundup of scores, maybe hundreds, of Hamas activists has gone far enough, he replied evenly, in English: 'Not yet.'

For decades, Mr. Arafat has straddled Palestinian politics like a Colossus, staying on top hy cunning and ruth-

In the days since he signed the Mideast peace plan last month in the White House, though, be has set himself a particularly dicey strategy.

If Mr. Arafat is to gain the territorial

and political concessions promised by

Israel in the agreement, he must satisfy American and Israeli demands that he wage a relentless war on terror in Palestinian territory he controls. Yet if he launches a really tough crackdown against Harnas, which has killed scores

of Israelis in terror attacks, he runs the risk that Harnas may turn its weapons on him. On Tuesday, Prime Minister Ben-

jamin Netanyahu of Israel postponed a scheduled cabinet meeting to ratify the

U.S.-hrokered agreement. The Israelis contended that Mr. Arafat had failed to detail his plan for arresting 30 alleged terrorists, including a dozen in the Palestinian security forces, named by Israel.

See ARAFAT, Page 10

FOR WOMEN IN ASIA, A NEW ERA STILL RAISES QUESTIONS

It's Glossy and Flashy, A Vietnam Must-Read

By Thomas Crampton International Herald Tribune

HO CHI MINH CITY - The runaway success of a recently launched Western-style women's magazine has government officials here lamenting a moral decline and has raised accusations of illegal foreign investment, but Vietnamese women just can't get

Vietnam's staid newsstands are suddenly alive with new pubenough of Phu Nu. lications, but few have enjoyed the popularity of Phu Nu, or "Woman." Since its arrival last November, the twice-monthly magazine has seen its circulation triple to more than 100,000 copies per issue — three times the print run of similar publications — as readers snap up its flashy full-color offering of beauty tips, health-

care advice and celebrity gossip.

Phu Nu's formula of snazzy, highly charged and lushly illustrated layouts, focusing on practical family and women's issues, contrasts favorably with glossy upmarket glamour magazines as well as Vietnam's stodgy mass-market publications intended to endorse

heavy-handed ideological themes. Other publishers here assert that the magazine is an illegal and hidden investment by Burda-Rizzoli, a joint venture of the Burda group of Germany and Italy's Rizzoli publishing group. The magazine, its competitors say, demonstrates the length foreigners magazine, its competitors say. will go to penetrate the tightly controlled media industry of Vietnam to reach the highly literate consumers of Sontheast Asia's second

most populous nation.

The competing publishers, both Vietnamese and European, also say that Burda-Rizzoli's extra-legal status highlights the tremendous temptation to skirt the unwieldy bureaucratic hurdles and vague rules that stynue foreign investment in Vietnam.

See PUBLISH, Page 4

Organizations here often operate in legal limbo before getting licensed. The very high-profile American Chamber of Commerce, for



As Vietnam loosens its controls on the media, readers can now pick from a wider variety of publications at newsstands.

The second second section in the second seco

Japanese Get Rules On Sex Harassment

By Sheryl WuDunn New York Times Service

TOKYO - They take pictures of her long thighs as she climbs into limousines. They capture shots of her sitting in revealingly short skirts, and they duh her the Madonna of the cahinet.

It is not exactly the most respectful way to treat Seiko Noda, minister of post and telecommunications and Japan's youngest cahinet minister since the end of World War II. But, then, the idea of sexual harassment is not foremost in the minds of the mostly male Japanese media, particularly at the weekly magazines.

Women often complain that working women have a tougher time in Japan than in any other industrialized country. While there has been some improvement in recent years, the Japanese government is now trying to confront the issue by releasing new guidelines in an effort to har sexual harassment. There is no clear gauge for measuring how common sexual

harassment is in Japan compared to other countries, hut some statistics are striking. One in seven women surveyed in government offices said they had been pressured into a sexual relationship by men at work, according to a recent official investigation. A more common complaint, cited by two out of three women, is that they have been sexually harassed by men touching their bodies at work.

The guidelines will go into effect a year from now at government offices throughout the country, and they have also been drawing the attention of Japanese companies, which have drawn up new, though much less strict, rules as well. The result is a great deal of grumbling hy men ("If you say this is sexual harassment, then we might as well not utter a word!" one woman was told by a male boss), as well as a feeling by many women that the rules are not tough enough.

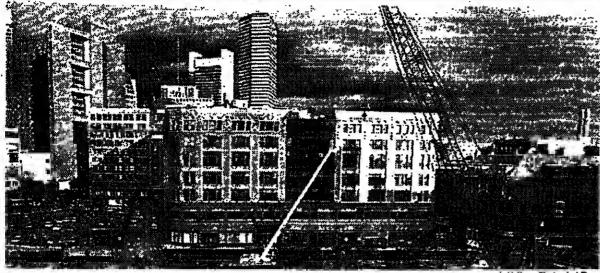
In some ways, Japan has fewer problems than the United States. Sexual blackmail, in which bosses dangle a promotion or a new assignment in exchange for sex, is not as widespread at large

See JAPAN, Page 4

PAGE TWO

Blue-Collar Squeeze/Top Prices for Real Estate

Boston Is Booming 'Wicked Hot,' Raising Hopes for Northern Cities



Cranes are plentiful at the Millennium Place project, which includes an office building, stores and a hotel.

OSTON - Boston, of course, would oever do anything so utterly uncouth as to boom. But consider: Big cranes are in such demand here that builders have been looking for them as far west as the Mississippi. Architects are in short supply. Downtown commercial real estate has the lowest vacancy rate in the country, local monitors say, and the highest average reotal rates, topping even San Francisco's and New York City's. Hotel rooms are often so difficult to get that reservation clerks might as well be Cabots

or Lodges, for all the airs they put oo. Consider, too, that for the first time in more than five years new office towers are going up in downtown Boston, with one planned to rise higher than the landmark Prudeotial Ceoter, Warnings of the dreaded "Manhattanizatioo" of the central city can again be heard.

And this: Boston, its face already changing with the \$11 billioo highway project known as the "Big Dig" is embarking oo a new project so grandiose it has been compared to the creation of the graceful Back Bay section a century ago: development of the 1,000-acre (405-bectare) Seaport district in South Boston, the last great chunk of convenient empty land oo the water. (Water that was once the filthiest urban harbor in the country and is now, thanks to a nearly complete \$4 billioo cleanup, possibly the cleanest.)

The city, said the Bostoo Redevelopment Authority's director, Thomas O'Brien, using the local vernacular, "is wicked bot."

For some, it is already too bot. In legendary working-class neighborhoods like the Italian

But overall, Boston's resurgence is seen by

ulation and employment growth is still oc-curring in the suburbs and "exurbs," farther out, and many urban cores cootinue 10 crumble, losing people and johs. Many parents still spurn urban school systems. And of course it is sunny cities like Atlanta, Phoenix and Las

But from Chicago to Cleveland to Pittshurgh to Baltimore, urban scholars also oote mounting signs of a popular williogness even eagerness - to live and work and play in once-shunned centers, and of both public and

"I think the traditional downtowns of older cities are now being kind of reimagined by people, 'said Alex Krieger, chairman of Harvard's department of urban planning and design. 'Instead of places where you get hluecollar jobs, which is the midcentury view of the city, they're being reassimilated in the con**More Buildings In Boston**

For the first time in more than five years, new office towers and hotels are being built in downtown Boston.

Millennium Place Hotel, residential, retail COST \$450 million SIZE 1.4 million sq. ft. **OPEN 2000**

Prudential Center Office Tower Commercial offices COST \$250 million SIZE 1 million sq. ft. OPEN 2003

Hotel, retail, commercial COST \$600 million SIZE 2.1 million sq. ft. **OPEN 2002**

South Station Office Towe

OPEN September 1998

Federal Courthousa

SIZE 400,000 sq. ft.

COST \$185 million

"Boston depends on four different economies - academia, health care, mutual funds

here, and ecocomists predict a slowing in the city's growth rate. They also warn of an im-pending labor shortage, particularly of skilled workers. But at the same time, they point to the flip side of prosperity.

In the North End, for example, Nancy

oeighborhood who has lived there for 50 years, said she got cards and letters almost every day asking whether she might oot like to sell her small hulding. Buildings bought hy speculators in the 1980s for \$200,000 would oow bring perhaps \$600,000, she said.

"Within the last two years, it's started to be a small heat week the started to be a small between these years borning.

boom again, and last year it was very booming, and this year, it's just gone crazy," she said—to the point that Italian families who had moved to the suburbs and now want to come back find they cannot afford it. The North End situation, though nice for

owners, also illustrates the great downside of the city's current vigor. Boston housing has long been some of the most expensive in the nation, but the soaring prices lately have been squeezing poorer residents ever barder, particularly new immigrants.

"Every neighborhood in Bostoo has very strong pressures in its residential market, "said

Central Artery Land 27 acres of open space from moving the Central Artery underground.

Boston Harbor Cleaner water, as a \$4.6 billion cleanup

Seaport Hotel COST \$40 million SIZE 427 rooms OPEN August 1998

nears completion.

East Office Tower COST \$130 million SIZE 504,000 sq. ft. **OPEN 2000**

Hotel (Parcel F) COST \$89 million SIZE 400 rooms **OPEN 2002**

By Carey Goldberg

North End and traditionally Irisb South Boston, apartment rental and sale prices have oearly doubled in the last two years, as whitecollar-wearers have invaded and some blue collars have been squeezed out. And advocates for the poorest Bostonians worry about stillgreater crowding and displacement.

many urban experts as spearbeading a bopeful trend among aging northern cities emerging from decades of decay. Planners talk about an 'urban surge'' or "comeback cities," spurred hy factors as varied as plummeting crime rates, the strong national economy, the return of empty-nesters to walkable lives and the disdaio that many young, educated professionals feel for the suburbs they grew up in. They qualify carefully. The greatest pop-

Vegas that have been booming loudest.

private willingoess to invest there.

sciousoess of Americans as places of culture.

leisure, eotertainment, bar-bopping and ser-

Authority

"This is one of the most interesting changes in turn-of-the-ceptury American society,' coorinued. "There's this amazing shift from the city as a place where you live because you can't afford to live anywhere else, to a place where you go to have fun."

And among resurging eastern and midwest-ern cities, some urban scholars say, Boston seems to be coming back the best, helped by huge public projects but also by a right-placeright-time position in the strong economy.

N A WAY, such a high-stepping comeback seems only fair. The 20thbiggest city in the United States, with nearly 600,000 people, Bostoo suffered disproportionately in the last recession. As New England hit the worst economic times of any regioo since the Depressioo, the Bostooarea overbuilding of the mid-1980s turned, hy the end of the decade, to speculative despair.

It took uotil last year to regain all the recession jobs lost and sop up the extra office space. But now, history seems to be smiling again oo the intellectual and cultural peacock of a town that calls itself The Hub and the Athens of America. In a traditional toast, Boston is also called "The Home of the Bean and the Cod"; hut oow at just the right time, it is more of a home to the bit and the doc - a capital of financial services, medicine and high technology, all fields that have particularly thrived in this thriving economy.

That economic diversity should help cush-

ion Boston from financial shocks like this summer's stock market "correction," said Thomas Menino, Bostoo's first Italian-American mayor and a outs-and-bolts kind of guy whose business-friendly approach has helped

fuel the city's growth. and tourism," he said, speaking in the cavernous City Hall office that he unhappily compares to a racquetball court. "Most cities depend on one segment of the economy."

Of late, economic uncertainty has led to tighter credit for commercial real estate deals

Caruso, a pillar of the dense, sauce-scented

Mr. O'Brien of the Redevelopment Authority. Real estate brokers say that in South Bostoo, the heavily Irisb enclave that gained notoriety for its opposition to husing in the 1970s, rents have shot up perhaps 70 percent in the last 18 mooths. And in the traditional triple-deckers that have usually housed a family on each

floor, the population is changing.

"What's happening is that the families that have lived here for so long are really becoming displaced," said Mike Foley, regional vice president for Jack Conway and Co. Realtors.

"We're reoting to three or four individuals who can pay \$500 apiece. Two years ago, you might have been getting \$800 for those same apartments. The marketplace has increased so drastically that South Boston families can't afford these rents."

MONG Boston's poorest, the economic energy has helped. Marc Germain, a social worker in the Dorchester sectioo, said, "It's easier to get a lot of young people, who are traditionally unable to get into the labor market, jobs."

But it has also but said Charlotte Kahn

But it has also hurt, said Charlotte Kahn, director of the Boston Foundatioo's Persistent Poverty Project. With the city's high cost of living, she said, "for people oo fixed incomes or minimum wage, it has always been tough. and in this kind of boom environment, it becomes that much tougher.

"And when you factor in welfare reform, which is due to start in December, nobody knows what that's really going to mean for people — because in this environment, with costs rising and job opportunities contracting, it could be very tragic for a lot of families. We're already seeing an increase in homelessness.

Losing Its Appeal, U.S. Military Fights a Battle for Recruits

By Steven Lee Myers New York Times Service

WALDORF, Maryland - Christopher Thompson was a prime target for the two older men roaming the St. Charles Towne Ceoter mall, dressed in ideotical black uniforms. He was young. He looked fit. He was in the mall in the

middle of the morning.
"You play sports?" Mr. Thompson
was asked Monday by way of introduction.

More importantly, Petty Officer Keith Dixon wondered, had Mr. Thompson ever considered enlisting in the U.S. Navy?

Mr. Dixoo and his fellow recruiter got little more than a shrug from Mr. Thompson, 19, a response all too familiar these days.

Recruiting young men and women into the U.S. all-volunteer military has never been easy, but the military oow faces a crisis in recruiting that has been building for some time and, many commanders fear, could get worse.

The Pentagoo has just announced that the army and the navy have each failed to reach their goals in signing up new recruits for the fiscal year that just ended. It was the first time since the draft ended io 1973 that the navy had

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falleo short, and it did so disastrously, enlisting 12 percent fewer recruits than its stated goal of 55,300.

The Pentagoo attributes its recruiting difficulties to many things. The economy is thriving. The unemployment rate is at its lowest level since the days of the draft. Young people are more likely than ever to go straight to college after graduating from high school — nearly 70 percent now, compared to less than half just a decade ago.

But many officials believe the armed services face a deeper problem and one more difficult to overcome: The military, simply put, no longer looms very large in young people's lives and families

More people are into just having fun," Mr. Thompsoo said. The sharp reduction of personnel that followed the end of the Cold War and the

collapse of America's only overarching enemy have left the military as small as it has been since right after World War II. With 1.4 million soldiers, sailors, airmen and Marines on active duty, the military is 40 percent of its size at the peak of the Vietnam War in 1968.

That has meant a steady decline in the number of veterans in the population and in the oumber of those the recruiters call "influencers": relatives, friends, leachers or others with military service who

U.S. Officer Settles Sex Case

The Assin tuted Press

Commander Thomas Rossi, captain of the John Hancock, was accused by Petty Officer Third Class

Laura Solomon, 23, of making suggestive comments

and kissing her. The maximum punishment that may

be imposed is 30 days' restriction and a reprimand.

noojudicial bearing.

= THG :

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Business + Leisure Worldwide visuals, info, book directly and say

often inspire young people to sign up. Mr. Thompsoo's geocratico — the eenagers and 20-somethings born after 1973 — is the first whose fathers oever

had to face cooscription. "I can remember, wheo I was a little kid growing up, all I heard about was the military service of my parents," said Admiral Barbara McGana, the navy's two-star commander in charge of recruiting. "Both my parents served. And you do grow up hearing these stories and being curious about what military service would be all about.

"I mean, that's gone forever," she The difficulty in recruiting has led to shortages of enlisted personnel in the field, raising concerns in some quarters about what is called the "readioess" of the armed forces to fight - and win -

Because navy recruits almost always go straight to sea after basic training, the navy's shortfall has cootributed disproportionately to shortages of enlisted sailors in the fleet. Navy ships, on average, are now setting sail with only 90

percent of a full crew. The army missed its goal to recruit 72,600 new soldiers overall by only 1 perceot, but it fell far shorter in enlisting recruits for harder-to-fill specialties, including armor and artillery crews.

The air force and Marioes, both smaller forces with more specialized appeals, met their recruiting goals for the last fiscal year; the air force, though, JACKSONVILLE, Florida - Sexual harassmet its goal only after speeding up the starting dates of those who signed up hut decided to wait to eoter the service. ment allegations against the commander of a U.S. Navy destroyer have reportedly been settled in a

The Pentagoo is scrambling to address the shortfalls. The \$1.1 hillion that Congress approved for military "readiness" last month included \$113 millioo to help bolster recruiting.

The cost of recruiting has risen stead-

ily. Without the infusion of oew money, it now costs an average of \$7,187 per recruit, including advertising dollars, eolistment boouses and money for college. In 1989, each recruit cost \$5,460, in dollars adjusted for inflation.

The navy and the army have hired oew recruiters, and they have flooded television with new advertising that they hope will reach today's yooth.

In mid-October, the army began broadcasting oew commercials. They replace the current ganzy testimonials of soldiers who say they have made something of themselves with jolting ads that mix staccato Nike-like images and pulsating music. "Are you ready to make real ooise?" one of them asks.

Admiral McGann and other Pentagon officials express optimism that a redoubled effort, with oew ads and more recruiters, will fix any serious recruiting problems before they endanger the ser-

But others argue that recruiting will thrive only wheo more chronic prohlems are addressed. In a memo sent to every army general on Oct. 7, the army's chief of staff, Geoeral Dennis Reimer, warned that the perceived gap between civilian and military pay and benefits and the high pace of army operations would continue to hurt recruit-

ing until the situation is addressed. The memo cited the lament of an army recruiting sergeant in Ohio: "We are asking today's youth to leave home. deploy at a moment's ootice and give his life for his country for the same pay as a fry cook.'

WEATHER

TRAVEL UPDATE

Duesseldorf Revamp

DUESSELDORF (AP) - Officials at Duesseldorf airport have announced a plan to rebuild two terminals destroyed in a 1996 fire that killed 17 people.

A consortium of companies will carry out the reconstruction of Terminals A and B, at a cost of 665 million Deutsche marks (\$402 millioo). Duesseldorf ig-Germany's busiest charter airport.

Major British and Spanish airlines have banned from air travel for life a man accused of assaulting a stewardoess with a broken bottle, the tour operator Airtours announced.

North America North America

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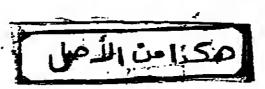
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THE AMERICAS

Argentine Call Helps Heat Up **Climate Talks**

By Sebastian Rotella Los Angeles Times Service

BUENOS AIRES — An international conference on climate change has opened with a debate over a proposal by the host nation, Argentina, challenging fellow developing nations to adopt voluntary limits on emissions of the gases that cause global warming.

As a close U.S. ally and the first de-

veloping nation to host such a conference, Argentina wasted no time Monday in framing one of the most divisive issues mong about 163 countries gathered here for a huge task: building a framework for implementing the climate-change accord adopted in Kyoto, Japan, last year.

President Bill Clinton's administra-

tion wants developing nations to show meaningful progress on reducing emissions of greenhouse gases before the United States ratifies the agreement. It is under pressure from Republican leg-islators who say the burden on industrialized nations is too heavy.

But China, India and many other developing nations say industrialized nations are the biggest and wealthiest polluters and should meet the emissioo-



DELUGE - Water from two rivers inundating buildings in Augusta, Kansas. The flooding over the weekend, caused by heavy rain, forced hundreds of people from their homes in Kansas and Oklahoma.

the Kyoto Protocol before making demands on poorer nations.

There were fears that mere mention of the issue here would cause a contentious uproar, as occurred last year in Kyoto. Instead, the Argentine proposal provoked a frank but civilized dis-

reduction targets established for them in cussion that lasted for several hours. In a statement before the talks began, the Argentine ambassador to the United States, Djego Guelar, criticized "the old conspiratorial argument' that labels new environmental policies as "a means to slow down the industrial and competitive development" of emerging economies.

China and other nations blocked the proposal from being placed on the con-ference agenda. But the chairman, Maria Julia Alsogaray, Argentina's environ-ment minister, will pursue informal conversations about voluntary standards with representatives of developing nations during the two-week meeting.

Supreme Court to Review Gift-Giving by Lobbyists

By Joan Biskupic

WASHINGTON — Taking up a dispute that could broadly affect lobbyists and the gifts they lavish on officials, the U.S. Supreme Court will review the case of a California company accused of giving sports tickets, meals and other ifts to the former agriculture secretary.

Mike Espy At issue is a criminal statute that bars illegal gratuities and dictates the circumstances under which individuals or companies can give gifts to members of Congress, cabinet officers and other government officials in a position to influence national policy.

The law makes it a crime to give a gift to any public official "for or because of any official act" that they render. But in looking at how close the link has to be between the gifts given and any official actions taken, many courts have ruled that simply giving a gift to an official in a posicion to make decisions affecting the giver is enough to consultute a crime.

But the District of Columbia Circuit Court, in a decision in March overturoing a conviction against Sun-Diamond Growers of California, set a higher standard; It ruled that there must have been some official act from which the

gift-giver benefited, or hoped to benefit, for a law 10 have been broken. Proseculors have to show that "the gifts were motivated by more than merely the giver's desire to ingratiate bimself with the official generally," the appeals

court found. Wherever the Supreme Court draws the line between illegal and legal gra-tuities, its decision is likely to affect a large swath of political business in the capital, where lobbyists use a variety of methods, including gifts, to win general goodwill and keep lines of communication open.

In his appeal to the bigh court, the independent counsel looking into Mr. Espy's activities, Donald Smaltz, said the Circuit Court ruling "seriously undermines the enforcement of an important federal criminal statute designed to promote goveroment integrity." the lawyer for Sun-Diamond, one of the largest U.S. food cooperatives, said the statute plainly requires prosecutors to show a nexus between the gifts and an

official's actions affecting a company.

Mr. Espy is charged with accepting illegal gratuities and violating the Mean Inspection Act of 1907, which bars Agriculture Department employees from taking anything of value from companies they are charged with regulating.

ASIA PACIFIC

BALI BANGKOK CHENGDU

Guerrillas Ambush Colombian Force

Agence France-Presse

BOGOTA - About 100 soldiers, police and leftist rebels have died in an ongoing battle over the remote border town of Mitu, in southeastern Colombia, ac-

cording to officials and media reports Tuesday.

At least 28 soldiers and policemen were killed Monday when rebels from the leftist Revolutionary Armed Forces of Colombia ambushed a force of 500 soldiers and police approaching Mitu by land, the radio stations Radionet and Caracol reported, quoting government sources.

Betweeo 70 and 80 police officers and 10 civilians were killed earlier in fighting for the town, 660 kilometers

(400 miles) from Bogota, a Red Cross spokesman said. Forty to 45 police officers who survived the attack Mooday were taken prisoner by the rebels.

The attack is part of the rebels' strategy to be in a strong position ahead of coming peace talks with the government of President Andres Pastrana. Officials said information from the area was sketchy

since the rebels blew up telecommunications towers, effectively cutting off communication lines to Mitu. Mr. Pastrana cut short a trip to Venezuela because of

the attack. He held an emergency two-hour meeting with the army's high command late Monday. Mitu, situated in Colombia's Amazon jungle near the border with Brazil, is normally accessible only by air and by river. The town of 14,000 had 120 police officers prior to the attack, according to the national police chief,

General Rosso Jose Serrano.

General Rosso Jose Serrano.

An extimated 1,000 guerrillas have been laying slege to Mitu since early Sunday, officials said.

POLITICAL NOTES

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Espy Focus Called Overly Racial

WASHINGTON — An independent counsel, Donald Smaltz, has complained to a federal judge that defense lawyers are focusing too much oo race in his prosecution of a former

are rocusing too much on race in his prosecution of a former cogniculture secretary, Mike Espy.

Mr. Smaltz said that the charges against Mr. Espy — that be illegally accepted gifts from companies he regulated — had nothing to do with race. But the criticism on Monday was made the companies of his primerous Pichard Douglas, told the nothing to do with race. But the criticism on Monday was made the same day that one of his wimesses, Richard Douglas, told the jury that Mr. Espy had generated hostility by promoting blacks and members of other minorities to high-level positions.

Under questioning by Mr. Espy's lawyer, Ted Wells, Mr. Douglas said the changes had a dramatic impact at the department. "It was like all of a sudden the slaves took over the plantation" and Mr. Douglas, a black who was deepred.

the plantation," said Mr. Douglas, a black who was deputy agriculture secretary during the Reagan administration. "And let me tell you, it rubbed people the wrong way." (WP)

Bush Plugs Son's Running Mate

AUSTIN, Texas - Since his son apparently does not need his help to win a second term as governor of Texas, former President George Bush is instead promoting the Republican candidate for life tenant governor, who is involved in a tight race.

Republicans want to ensure that their candidate for lieu-

beats a Democrat, John Sharp, so that the party can remain in control of the state's helm should Governor **Away From** George Bush run for presi-**Politics** dent in 2000.

Environmental regulators

in California and Washington

are preparing to require steep reductions in air pollution

from cars and want to apply similar rules to sport utility

vehicles, pickup trucks and

Thomas Osdene, a former

research chief for Philip

Morris, invoked his Fifth

Amendment right against

killed in a storm of bullets.

The officers had no warrants and found no drugs. (LAT)

He is expected to defeat the Democratic candidate, Garry Mauro, easily and gain a second term.

In a 30-second television commercial endorsing Mr. Perry, the former president says: "Barbara and I have. known him for a long, long minivans. The Big Three time. And everyone in our automakers have accepted. strongly supports that all vehicles will have to family become much cleaner. (NYT) him.

Quote/Unquote

President Bill Clinton on self-incrimination more than his political enemies: "I'm 135 times in a videotaped de- oot even angry at them any position that was played at a more; I'm just sorry. The ones tobacco trial in Seattle. The that are consumed with persocal animosity toward me or ton state, accuses seven to- toward Hillary I think are just lawsnit, brought by Washingangry because they thought they and their crowd would bacco companies of conspiring to violate antitrust and always be able to drive up to Consumer protection laws, the West Wing to work every Suppressing health research and manipulating meetine

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FORUM HOTEL

INTERNATIONAL

PUBLISH: It's Glossy, Flashy and a Wild Success in Vietnam

Continued from Page 1

example, has operated in Vietnam since 1994 but only received a license in late September this year. "You tell me a Communist country where it is totally legal to do anything," said Peter Kennedy, Burda-Rizzoli's Asia-Pacific managing director.
While some of Phu Nu's photos

and articles are locally produced, much of the magazine's content including a recent feature on disfigurement through failed face-lifts - are almost direct translations from Burda's German-based Lisa magazine.

Several other recent arrivals on Vietnam's newsstands also bear a striking resemblance in layout and content to periodicals put out by some of the world's most influential publishing houses. These include the Viemamese-language PC.World, which includes translations from the Ziff-Davis publication of the same title, and Van Hoa woman's magazine, which regularly runs articles translated

from international editions of Hachette-Filipacchi's Elle. Yet none of these magazines indicate in print that foreign investment is involved. The Vietnamese authorities regularly censor publications imported from over-

seas and remain extremely wary of foreign involvement in ventures affecting culture or mass media. Any cooperation with a foreign media company requires a government license, but only the Swiss publishing company Ringier and the Australian Consolidated Press have permits, according to the Min-

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monitoring department. No new joint venture licenses have been granted since 1996, a department official added. A foray into women's publishing here

istry of Planning and Investment's project

due to lack of authorization. Burda-Rizzoli officials in Vietnam ini-

entry operation engaged in retyping Ger-man dictionaries. But Mr. Kennedy later said that the European publisher operates in Vietnam with high-level government consent under a "somewhat different" structure from most foreign investors.

"Are we an illegal foreign investment? You could say it and you could not say it," he said. "We have been allowed to operate and the government knows we are there and have met ministers of the highest level."

A member of Phu Nu's editorial staff described importing the publication's 40 computers into Vietnam as luggage on eight international flights. Under normal circumstances, foreign investors can merely bring technical expertise to a publishing joint venture in Vietnam. The foreign company can assist with layout by Hachette-Filipacchi last year - with and business management, but all edernment sbutdown after just one issue control of the Vietnamese partner.

State controls on the media have Burda-Rizzoli officials in Vietnam ini- loosened in recent years, bringing a Ringier were "jealousy-driven," tially denied any links with Phn Nu, and in flood of new advertising-driven pub- adding that Burda-Rizzoli had begun fact led a reporter on a tour of their lications onto the newsstands, but the applying for an official foreign investpremises, which they portrayed as a data- media are still considered an important ment license.

tool for propaganda that officials emphasize should not become too UJ

commercial or consumer-oriented. "The party regards mass media groups as frontline soldiers on the cultural ideological battlefield." Le Kha Phieu, the Communist Party

general secretary, said last month. The editor of one up-market glossy magazine was recently berated by a Communist Party ideologue for not writing enough articles on fashion for farmers, and Westem-style magazines bave sometimes been criticized for promoting consumerism and other values portrayed here as immoral.

Neither Burda-Rizzoli nor Ringier are making any profits from the ventures, company officials said. Both regard their ventures as long-term

(The International Herald & Tribune is a partner of the Rizzonpublishing group in a joint venture that produces a daily supplement of

English-language news in Italy.)
Complicated regulations and being held at arm's length from editorial content by the authorities hinder foreign partners from transplanting a successful magazine formula from overseas. This probably encouraged Burda-Rizzoli to blur its involvement in Phu Nu, said Sen Hoa, deputy chief representative of Ringier. Ringier has been involved with two licensed joint-venture magazines, New Fashion and Vietnam Economic Times, since the early 1990s.

"Ringier came here at the early stages of Vietnam's opening and we respect and obey all national regulations," Sen Hoa said. "We now realize that foreign companies have recently entered in secret so they can control editorial areas: * we do not touch." She added, "Thanks,, to this increased control they can make a magazine like Phu Nu extremely suc-Femme Moderne — ended with a gov- itorial content is supposed to be under cessful, while it is still difficult for us to

Mr. Kennedy said the comments by

JAPAN: Government Produces Guidelines on Sexual Harassment

Continued from Page 1

corporations. One reason is that bosses in such companies have no direct control over promotions, because all major as- to those in America. "In Japanese sosignments are determined by a centralized personnel department.

So even if many women find themselves under pressure to sleep with their bosses, giving in to the pressure is unlikely to advance their careers much. But whether they give in often affects the insurance that could cover them if a kinds of tasks they are given. In many employee sues for sexual harassment. companies, women are mostly on an "office lady" track, where they have few opportunities to advance — a limitation that perhaps reflects traditional. discriminatory attitudes toward women that underlie the harassment.

"There are Japanese people who still labor union. "That kind of thinking has posters or magazine photos." been accepted without resistance throughout history."

ciety, and few women have taken their got married. These days they can work. complaints to court. Even if they win, the compensation awards are tiny compared ciety, people like to settle disputes as amicably and harmoniously as possi- company for nearly four years recalled ble," said Pauline Reich, a professor at

the-Back-of-the-House," the govern-ment's new sexual harassment policy the ones asked to serve food or drink. marks a major new step: Under the fices can no longer be forced to serve tea many companies, tea or coffee is served think that women are just cute and obe- or run personal errands. And men will no twice a day, often to the desks of all the dient," said Minako Nishijima, a senior longer be able to ask questions about employees, with the women having to official at Nikkeiren, Japan's largest sexual experience, or show off obscene remember who takes sugar or milk

It used to be that many women were women no longer care to serve.

Japan is not remotely a litigious so- under pressure to quit work when they but pressure to resign comes when they have children.

A 25-year-old college graduate who worked as a clerk at a small distribution similar intrusions into her private life.

Waseda University School of Law.
Still, a fear of lawsuits has led many
Japanese companies to consider buying insurance that could cover them if an hardsoits into the partie in the par having an arranged blind date?"

Many men presumably think they are In a society where the word for wife, just being friendly, but women often re"oku-san," literally means "Mrs. Insent such questions as intrusive. Many women also complain that they are always

Onc of the symbols of tradition in guidelines, women in government of- corporations, in fact, is the tea service. At

By next year, government offices may Still, attitudes will be hard to change. have to bring in self-service tea time, if

BOOKS

OFFICIAL SECRETS What the Nazis Planned, What the British and

Americans Knew By Richard Breitman. 325 pages. \$25. Hill and Wang. Reviewed by

Deborah E. Lipstadt

I have become a matter of current events. The media have paid prominent attention to Swiss banks' refusal to release Holocaust victims' funds; to the use by major German firms, including Volkswagen and Mercedes, of wartime slave labor; to German insurance companies' refusal to honor policies purchased by Holocaust victims; to the Vatican's ambivalent statement

annihilation process. All these stories have a at any time. But recent events common theme: Rather than in the Balkans, among other perpetrators or victims, they sion about "standing idly by" concern those wbo once

claimed to have been a contemporary resonance. bystanders to the killing process. We learned that virtually everyone who professed ignorance of the Holocaust THE Holocaust seems to knew far more than they could have acted to rescue some Jews.

Among those who knew more than they claimed and did less than they could have were the Americans and British. Using newly released archival documents, Richard Breitman's "Official Secrets" makes some startling revelations in this regard but does so in a low-key and restrained on the Holocaust, and to the fashion. The book would have debate over the participation been a welcome addition to the

of "ordinary Germans" in the corpus of work about the Al- dismiss it as the product, of lied response to the Holocaust places, have given this discus-

Some of Breitman's disclosures will be familiar to initial years of the war, by readers. His revelations that mid-1943 it was obvious that the British decoded German an Allied victory was in the radio transmissions and offing. There was limited milclaimed and many of them gathered detailed information itary action the Allies could have acted to rescue on the killings shortly after have taken to rescue Jews, but on the killings shortly after they commenced in mid-1941 they could have used direct captured headlines in many American newspapers a few months ago. By the fall of cess. They could have urged 1941, British security ser-

how many had been killed.

The British argued that they could not release this in- Secretary Henry Morgenthau formation because the Ger-mans would have deduced thought this was not part of the that their codes had been compromised. But as Breitman points out, when the Britisb wished to, they found ways to protect their sources. Had the victims been warned,

British were also able to decode information about the movement of Jews to Auschreceived information from a

veals, this information was available long before then. But neither American nor British officials were willing ther of "Denving the Holo-

Jewish exaggeration.

The Allied officials who believed these-reports kept arguing that short of winning the war there was nothing that could be done to belp Jews. While this was true for the and indirect pressure to slow down the annihilation pro-German satellite nations to revices knew where, when and fuse to participate in the with the exception of Treas Allied mandate. It was, as Breitman correctly contends, a terrible moral failure.

Contemporary critics of the Roosevelt administration argue that a significant porsome could have fled or gone tion of the Jews who fell vicinto hiding. Moreover, in a tim to the Germans could major address, Churchill re-vealed other information had only wanted to do so. At gathered from these very the other end of the spectrum transmissions, but be never are the Roosevelt supporters mentioned the killing of who, appalled by the attacks ews. On his reputation, argue that Shortly after the death the Allies could not have camps began operating, the saved even one more Jew than they did.

Both of these are vast exaggerations more rooted in witz. Subsequently the Allies postwar politics than in serious historical research. The variety of couriers and other first position disregards the sources about the camp itself, absolute German committhe shipment of killing gas ment to murder Jews and the and the existence of gas difficulty of moving people chambers. Until now most out of war-torn Europe. historians have assumed that Nonetheless, some Jews cerit was not until late 1944 that tainly could have been saved. much of this information be- and those who argue othercame available to the Allies. wise would do well to read In fact, as the newly de-classified information re-and refrain from making such patently spurious claims.

Dehorah E. Lipstadt, auto seriously examine the ma- caust: The Growing Assault terial or give it the credence on Truth and Memory" and that was its due. Once they did Dorot professor of modern figure out what it meant, they Jewish and Holocaust studies were not moved to publicize at Emory University, write it. Some officials continued to this for The Washington Post.

BEST SELLERS

The New York Times This list is based on reports from more	3 THE TEN COMMANO MENTS, by Laura
than 2,000 bookstores throughout the	Scelessinger and Stewart
United States, Weeks on the list are not	·Vogel 3
necessarily consecutive.	4 HIS BRIGHT LIGHT, by
increase of conference	Danielle Steel
_ FICTION	5 HIGH CRIMES AND
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Week Wi, on j.in	
IBAG OF BONES, by	Ann H. Coulter 11
Stephen King 1 4	6 LINDBERGH, by A. Scott
2 THE VAMPIKE ARMAND.	Berg4
by Anne Rice	7 JUST JACKIE, by Edward
3 RAINBOW SIX, by Tom	Klein 7
Clancy 2 II	8 PURE DRIVEL, by Steve
4 WELCOME TO THE	
WORLD, BABY GIRL, by	9 THE PROFESSOR AND
Fatnic Plage	THE MADMAN, IN
	Simon Winchester
5 ALL THROUGH THE	10 WORKING WITH
NIGHT, by Mary Higgins	EMOTIONAL INTELLI-
Clark	GENCE by Daniel
6 THE POISONWOOD BIBLE,	
by Butana Kingsofter	
7 THE REEF, by Nora	II A PIRATE LOOKS AT
Roberts 4 3	FIFTY, by Jimmy Buffett 9
8 THE LOOP, by Nicholas	12 A WALK IN THE
Evans	WOODS, by Bill Bryson. 14
9 THE HUNDRED DAYS.	13 DAVE BARRY TÜRNS
by Patrick O'Brian	50, by Dave Barry
10 MEMORS OF A GEISHA.	14 ANGELA'S ASHES, by
by Arthur Griden	Frank McCourt
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tt i KNOW THIS MUCH IS TRUE by Wally Lamb 8 18	WITH GOD: Book I. by
	Neale Donald Walsch., 13
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(3 FIELD OF THURTEEN.	
by Dick Francis 12 6	AND MISCELLANEOUS
14 MESSAGE IN A BOTTLE.	
by Nicholas Sparks	I SOMETHING MORE, by
15 SUMMER SISTERS, by	Sarah Ban Breathnach
Judy Blame II 22	2 IF LIFE IS A GAME.
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NONFICTION	RULES, by Cheric Carter-
ITHE DEATH OF	Scott

THE 9 STEPS TO FINANCIAL FREEDOM. by Selat Ottobo SUGAR BUSTERS, by H.

_EUROPE

Schroeder Looks Abroad to Reassure Allies

The learning curve

of these two fellows

could be long and

By William Drozdiak Washington Post Service

Washington Post Service eties abroad about Mr. Schroeder af BERLIN — During his election 16 years of a Kohl-led Germany. campaign, Gerhard Schroeder uo-

abashedly stole a page from Bill Clinton's book and vowed he would focus like a laser beam on the economy. Even after he defeated Helmut Kohl in September, the new German chancellor declared that his government would stand or fall on its record in

Schroeder quickly embarked on an curve of these two extensive series of foreign trips with fellows could be the ostensible goal of reassuring his foreign counterparts that he plans no dical departures from the Kohl era. Having visited Paris and Washing-

ton just days after his election, Mr. Schroeder traveled to Britain on Monday to meet with Prime Minister Tony Blair. He will also go to the Neth-erlands and Poland this week and afterward will pay a working visit to Moscow and make an appearance at a Baltic regional conference.

ground or interest in foreign affairs travel to New York to see the United was conceived by Mr. Schroeder's Nations' secretary-general, Kofi Anadvisers as a way to demonstrate his nan. desire to maintain friendly relations with Germany's main allies and imfire by managing to skirt a potential desire to maintain friendly relations

inexperience of his minister. Joschka Fischer, leader of the environmentalist Greens.

learning

very different than the days of Kohl, Schmidt and Brandt." He was referring to Mr. Kohl's predecessors as chancellor, Helmut Schmidt and Willy Brandt.

Recognizing that Germany's allies may be worried by the Greens' pa-cifist and anti-nuclear roots, Mr. Fischer has decided to build up trust with his new peers. He was to meet Tues-The hectic itinerary for a Social day in Washington with Secretary of Democratic politician with little back-

mediate neighbors. Senior officials dispute with London and Paris over erument run by the Social Democrats acknowledge that the whirlwind tour whether Germany would accord up and Greens is likely to make sig-also was designed to quell any anxi- graded status to Britain that could nificant course corrections in key foreties abroad about Mr. Schroeder after rival its close partnership with France. eign and security policies. "Whether you talk of an axis with Mr. Schroeder's lack of previous France or a triangle with Britain," Greens have long supported amhi-

conduct foreign

policy based on tong and slow," a German and Euro-senior U.S. official said. "It will be pean interests, nor the political ideals of the Greens.

> counselors and plans to appoint er such attacks could be launched Karsten Voigt, a Social Democrat respected for his expertise in security UN Security Council. issues, as Germany's next ambassador to the United States.

> her say they would prefer to see Germany channel its influence through multilateral institutions such as the new desire to use state powers to rein North Atlantic Treaty Organization and the European Union.

some new accents suggest that a gov- about interfering with the markets.

The Social Democrats and the involvement in world affairs, foreign Mr. Fischer said, "this smacks of uons disarmament proposals that may diplomats say, is compounded by the 19th-century nationalism that has no cause friction with the United States. place in today's As NATO embarks on a major Europe." strategy review, many critics of nustrategy review, many critics of nu-A former taxi clear weapons expect the new Gerdriver and self-de- man government to argue for pledges scribed street revo- of "oo first use" of ouclear weapons lutionary; Mr. Fisc- and other initiatives to wean the alher insists he will liance from its dependence on those weapons as a strategic deterreot.

In addition, although Germany joined other NATO states in approving air strikes against Yugoslavia unless it halted its military action against
He has retained Wolfgang Isethnic Albanians in Kosovo, senior chinger and Hans-Friedrich von Plo-etz, two senior diplomats, as his top would require a reappraisal of whethwould require a reappraisal of wheth-

Mr. Schroeder's government also has served notice that it wants major Both Mr. Schroeder and Mr. Fisc- reforms in global financial markets to prevent risky lending practices and disruptive capital flows. Germany's in global markets has prompted some chagrin within the Clinton adminis-But after only a week in office, tration, which has been skeptical

Spain and Rebels to Talk

Prime Minister Authorizes Meetings With ETA As Madrid Tests Basque Separatists' Trustworthiness

> By Al Goodman New York Times Service

MADRID --- Prime Minister Jose Maria Aznar publicly authorized his government on Tuesday to talk with people close to the Basque guerrilla group ETA, in a step to test the trustworthiness of the rebels who announced an unprecedented "indefinite" cease-fire six weeks ago.

Mr. Aznar, who survived a bomb attack by ETA in 1995, when he was the opposition leader, has said there can be no peace talks directly with the ETA until it permanently renounces violence to end its 30-year armed fight for an independent Basque homeland.

The prime minister's chief spokesman, Josep Pique, said the initial talks would aim only to verify if there is a real willingness to abandon arms and stop the violence." But soon after Mr. Aznar confirmed to

reporters with a simple "yes" when asked whether he had authorized the initial contacts, some aides were saying privately that the Basque rebels hlamed for 800 deaths already were showing signs of wanting to make the peace permanent.

There have been no violations of the unilateral cease-fire, the first in ETA's in Spain since last year.

armed struggle without conditions or an end date, one nide said.

The leftist hard-line separatist political party linked to the rebels, he added, has expressed respect for the results of the Basque parliamentary elections last month in which

moderate Basque nationalists prevailed. The government insisted that it would not reveal the timing, location and the participants in the initial talks, although one aide said he bad heard speculation that they might be beld in neighboring France, or

Belgium, or even Mexico.

They would be the government's first officially acknowledged contacts since 1989 with the world of the ETA, whose initials in the Basque language stand for Basque Homeland and Liberty. And the

first ever by a conservative government. The previous talks under the Socialist government lasted just a few months in early 1989 before breaking off, with both sides hlaming the other, and the cycle of

violence continued. But officials expressed hope that this time would be different because police ar-rests have thinned the ranks of the rebels, who have also been pressured by unprecedented and massive street demonstrations

BRIEFLY

EU to Vote on Ending Beef Ban

BRUSSELS — A proposal to end the European Union's worldwide embargo on British beef, imposed because of fears of 'mad cow' disease, is to be put to a vote Wednesday in a move expected to lead to the ban being lifted by

the end of the year, EU officials said Tuesday.

The proposal before the EU's Standing Veterinary Committee calls for exports to be authorized for beef from cattle born after Aug. 1, 1996, or those under 30 months of age that have had no contact with herds with a history of the disease, bovine spongiform encephalopathy.

Judge Tries Again on Pinochet

MADRID - A Spanish magistrate reapplied Tuesday for the extradition of Augusto Pinochet, who is free on bail and in a private hospital in Britain, legal sources said.

The magistrate, Baltasar Garzon, acted on behalf of families with relatives murdered in Chile during the Pinochet regime. He initiated the process that led to Mr. Pinochet's arrest in London on Oct. 6. The British High Court has ruled that the former dictator, 82, cannot be extradited. The House of Lords is to hear an appeal starting Wednesday.

(AFP)

Greek Leader Likely to Prevail

ATHENS - Greece's Socialist government was set to win a parliamentary confidence vote Tuesday despite divisions over fiscal measures taken to lead the country into Europe's single currency.

The governing party holds 160 seats in the 300-seat Parliament. The office of Prime Min. warned that any Socialist deputy who votes against the government will be expelled from the party.

For the Record

Bruno Megret, the No. 2 man in France's far-rightist National Front, said be would run for mayor of Marseille in 2001 with the approval of the group's leader, Jean-Marie Le



Croatian woman suspected of torturing inmates in the country's most notorious World War II camp, told a judge in Zagreh on Tuesday that she did not want to waste her time answering the charges.

Primakov Is Warned of 'Rotting' Graft

Legislator Accuses Top Officials in Russian Government of Corruption

By Michael Wines New York Times Service

New York Times Service MOSCOW — Russia's capital city, which has seemed unwilling to muster even medium dudgeoo anymore on questions of politicians and politics, is suddealy buzzing over an allegation that virtually all Muscovites regard as a given: that the government is corrupt.

The accuser is Grigori Yavlinsky, a respected, if ideologically committed, reform-minded legislator who was the first politician to promote Yevgeni Primakov for the post of prime minister last

insky gave Mr. Primakov a letter seeking investigations of the conduct of his two highest-ranking aides, two subordinates directly be-

The letter is signed by three members of Mr. Yaviinsky's Yabloko political faction, which holds a sliver of seats in the lower house of Parliament. But the message belonged to Mr. Yavlinsky himself, who said at a news conference Monday night that "corruption is an abso-

lutely rotting element of all power bodies, and probably most of all in the Russian government."

Among 16 specific charges, Mr. Yavlinsky's letter questions whether First Deputy Prime Minister Yuri Maslyukov, a Communist and the government's senior economic adviser, steered government money or favors to husinesses in which he or his relatives held an interest. It also asks whether First Deputy Prime Minister Vadim Gustov, the former governor of the Leningrad region, has funneled favors to businesses that financed his

gubernatorial campaign. Elsewhere, Mr. Yavlin-sky's letter raises questions On Monday, in a move blunt even by the hare-knuckled rules of Russian political debate, Mr. Yavlas an official of a major

It also asks what favors several officials granted to businesses seeking exempficial of the state tax service. and what benefits those exemptions brought about.

Mr. Maslyukov's office alone has received more than 300 requests for special treatment from businesses and other groups, he said.

A spokesman for Mr. Maslyukov, perhaps the central target of Mr. Yavlinsky's charges, called the charges

baseless and shallow and said they were an attempt to split the government so that freemarket advocates could re-

Monday night, Mr. Primakov responded dismissively to the complaints, calling the charges "general phrases" and adding that Mr. Yavlinsky's blanket allegation of government rot sug-gested that the Yabloko faction was infected with corruption as well.

The state prosecutor general has threatened to sue Mr. Yavlinsky for libel if he cannot prove the charges, but Mr. Primakov has gone no further than to suggest that Mr. Yavlinsky take his evidence to prosecutors.

Mr. Primakov also joked about-Mr. Yavlinsky's decision last month to turn

new government, saying Mr. Yavlinsky must have rejected it "because he did not have enough money to pay for the post.

Ordinary Russians may fail to see the humor. The network television public-affairs program "Itogi" fo-cused on Mr. Yavlinsky's charges Sunday, before the Yabloko letter was released.

Asked to register their opinion on whether Mr. Primakov's government was indeed corrupt, 16,500 people responded within a few hours. More than 92 percent of them answered yes.

That was not entirely unexpected. Corruption was a fact under Soviet rule, both among regular citizens striving to eke out a living and high officeholders.



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INTERNATIONAL

With Kosovo's Health System a Casualty, Civilians Die

By Mike O Connor New York Times Service

PRISTINA, Yugoslavia — The climate of fear in Kosovo during the Yugoslav government's offensive against ethnic Albanian rebels has caused the rural health system to collapse, aid workers and the few remaining health workers say, and hundreds of civilians may have died as a result.

The workers also say that doctors who have been treating civilian victims of the war have been arrested, beaten and in at least two cases killed by government forces.

While aid workers contend that they see a pattern of attacks on doctors, it is unclear whether it is an intentional effort to destroy the health care system or the inevitable result of war.

Many of the doctors who previously served the rural population have been afraid to give medical care to civilians in areas controlled by rebels, aid officials say. The few doctors who remained behind rebel lines are working without supplies and equipment, and in many cases their clinics have been de-

Doctors say that even with a cease-

fire that is allowing many civilians to return to their villages, fear among doctors and their patients is so high that people continue to die needlessly for

Government troops have destroyed many villages, including health clinics, and hundreds of civilians have died during their offensive against ethnic Al-banian guerrillas. Many civilians in rebel-held areas are afraid to go to government-controlled areas for needed care, international medical officials say.

Confronting a panorama of misery and illness, those officials say they do not have exact numbers of civilians who have died without treatment or of physicians who have been stopped from treating the ill. But they say that about 20 doctors have been arrested or have fled the country and that hundreds of civilians may have died because of the collapse of the rural health care system.

"This is a systematic policy on the part of the government," said a senior official of an international health agency, who spoke on condition of anonymity. "It is intended to remove medical people and to destroy the rural health care as much as they can get away with. It's working fairly well."

that there was no policy of intimidating health care workers and that the doctors who had been arrested were guilty of upporting armed insurgents.

In the area of Kosovo around Orahovac, and in other areas, civilians are afraid that if they leave rural zones where the rebels dominate to seek health care in the regional hospital, they will be arrested. For these people, medical care has virtually stopped, except for the simplest treatments or for care offered by the occasional visiting foreign doc-

On a rural road in the Orahovac region Sunday, a panic-stricken man, whose wife gave birth 10 minutes earlier, flagged down a car with a journalist in it and said: "My wife just had the baby, and then she lost coosciousness. Get her to the hospital. No one from this area is safe taking her there."

tors from aid agencies.

The nearest medical clinic was destroyed by government forces. A district health center in Malisevo is empty of staff and medicine, its doors barricaded and possibly booby-trapped by the Serbian police like other places in this area. The man and his wife had returned

only the day before from three months

Yugoslav government officials said of living in the open in the forest while name, Isrnet, saying he feared arrest.

"In the mountains the old people and overrun and looted their village.

The woman and the baby were driven to the government hospital in Orahovac. The woman's husband, fearing arrest, did not accompany them. From Orahovac, they were transferred to Pristina, where the woman remained in critical condition late Monday. The baby girl survived.

Local doctors say many of their colleagues have fled or have been arrested, sometimes on charges of aiding the rebels. Those remaining work without lequate medication or eveo electricity.

After destroying many villages and displacing more than 250,000 people, the government has withdrawo many of its forces from Kosovo under threats of NATO air strikes. But the fear remains. And as civilians who fled begin to come out of hiding and return to their villages. they and the doctors who cared for them report that many villagers died while on

'We woke up to the sound of artillery shells coming in, and we just started to run," said a doctor in the village of Kisna Reka. "There was no time to take

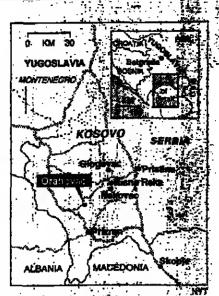
The doctor would only give his first

the babies were the weakest," he said, "and we could not help them all. Un-fortunately, some died." His clinic was

destroyed. He has put together some-thing makeshift and rather primitive. This is where I will stay for a long time," he said, "because for me it is too dangerous to leave." Asked if he was perhaps being too cautious, he named four doctors, personal friends, two of whom had been killed, he said, and two

of whom had been arrested. In central Kosovo, two other doctors sat in their hideout Sunday. Although they were well behind rebel lines, a 9mm pistol was withio quick reach on a window ledge. "I haven't moved from this area for eight months," said Dr. Gani Halilaj. "I know what will happen if they get me."

The other physician, Dr. Fadil Beka, said: "Whenever the police interrogate someone from around here they always ask where the doctors are. But I have a good conscience. I know that doctors are to belp people, anyone who needs their belp." Dr. Beka, a surgeon, es-timated he had done 300 operations in three months, somewhat less than half



on wounded rebel fighters.

The two doctors said they are unitary physicians in an area with about 1000 people and that lack of intedical unitary along with unsanitary living conditions had killed many of their patients.

Dr. Beka, speaking of the regional health center in the nearest town schere the two doctors once worked, said-"Be fore the offensive five other decemes used to come here, out colleagues from Glogovac But it is too dangerous now and they won't take the risk.

France Says Spy Incident Will Not Hurt NATO Ties

Accused Major Reportedly Lacked Top Access

By Charles Trueheart

PARIS — The French government on Tuesday rejected suggestions that its credibility with allies would suffer from a French Army officer's stunning confession to having passed sensitive in-formation about NATO bombing targets to Serbian agents last month.

The officer, Pierre Bunel, a major in the French Army, was working at NATO headquarters in Brussels as chief of staff to France's top military representative, General Pierre Wiroth, when his behavior reportedly aroused the suspicions of France's military intelligence service.

Sources in Paris and Brussels said it was not likely that Major Bunel had uccess to any detailed targeting plans, which are held closely by NATO's U.S.-dominated military leadership, but rather may have known in more general terms about possible military sites.

1

France is not part of the alliance's mil-itary command structure, and Major Bunel's duties and security clearance in Brussels reflected that limited role, the

A 26-year career language specialist who was decorated by the United States for his role in the Gulf War, Major Bunel was arrested and questioned by the French Defense Protection and Security Directorate about two weeks ago.

After notifying Washington and other allies that a likely French spy had been caught, Defense Minister Alain Richard turned the case over to a civilian investigating magistrate, Gilbert Thiel, Fri-

day, Major Bunel was jailed Saturday. French government press officials on Tuesday rejected the idea that the spy case would damage France's relations with its allies. The Defense Ministry's Jean-Francois Bureau said "there is no sign of any change in relations." The Foreign Ministry's Anne Gazeau-Secret told a reporter who raised the



Pierre Bunel, left, arrested for passing NATO secrets to the Serbs, is flanked by General Michel Roquejoffre in a 1990 photo in Saudi Arabia,

question, "You're joking."

But for the daily newspaper Liberation, even an individual case of spying for Serbs "can only reinforce the bad

reputation from which the French Army suffers, notably among American and British armed services, in the former

Only a 'Few Hundred' Thought to Lack Shelter

But UN Agency Says Kosovo Count Is Rough

The Associated Press

PRISTINA, Yugoslavia — A week after NATO's decision not to strike against Yugoslavia, the UN refugee agency said Tuesday that thousands of displaced people in Kosovo Province had found sbelter, as shuttle diplomacy moyed into a second round.

A U.S. envoy, Christopher Hill, met Tuesday with the ethnic Albanian lead-er, Ibrahim Rugova, in the provincial capital, Pristina, for discussions on a draft agreement. On Monday, Mr. Hill held separate talks with the Serbian president, Milan Milutinovic, and a European Union envoy, Wolfgang Petritsch, after arriving from the Mace-

donian capital, Skopje, Mr. Hill, U.S. ambassador to Maceonia, has led international efforts to bring the two sides closer to a political solution for the Serbian province. Hundreds of people have been killed and at least 250,000 others have been forced from their homes in Kosovo since Ser-

bian anthorities began a cradictows on ethnic Albanian separatist greenillas in February.

The number of people camped in the open, however, has dropped camber at the open, however, has dropped camber ably, since President Slobodan Milosevic of Yugoslavia pulled his troops on of the province hist week, said Jacques Franquin, a spokestian for the UN High Commissioner for Refugers in Geneva.

Mr. Franquin stild the number living in the open was now estimated to be. "I few hundred." He catholight that the numbers were "very approximate," because many of those displaces in the trackdown had not returned home but were staying with neighbors of relatives.

On Tuesday, however, a regional command of the relief Kosovo Liberation Army asserted that Serbian forces have not been withdrawing from check-

have not been without wing trouvers points in the west of file province.

The teport could not be independently confirmed there was no immediate response from the Scribin side.

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Mideast Rivals Make Appeal to U.S.

Israeli-Palestinian Disputes Put Fragile Peace Agreement at Risk

By Deborah Sontag

JERUSALEM — The fragile understanding between the Israelis and the Palestinians was severely tested on Tuesday as both sides appealed to the United States to salvage the peace agreement, underscoring the central role that the Americans have accepted as arbiter of the memorandum sigoed at the White House a week ago. Prime Minister Benjamin Netanyahu

of Israel again postponed presenting the agreement to bis cabinet for ratification on Tuesday, demanding that the Americans wrest from the Palestinians a specific timetable, in writing, for arresting 30 fugitives wanted for terrorism.

And the Palestinians, accusing Mr. Netanyahu of political brinksmanship. implored the Americans to compel the Israelis to move beyond an impasse that jeopardizes the accord. The Palestinians said the Israelis were taking advantage of the delay to establish oew Jewisb settlements in the West Bank, which would be illegal once the agreement takes effect.

The Americans said that the Palestinians had submitted an acceptable security plan, meeting their obligations for the accord to take effect. Jue Lockbard, a White House spokesman, referred to the timetable as part of "other concerns" raised by Mr. Netanyahu.

But two senior Israeli ministers said the Palestinians were supposed to and did not include a timetable for the fugitives' arrest in the security blueprint. which is a classified document.

Natan Sharansky, the trade minister, said the Israelis had waoted in writing a

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THE WORLD'S DATES NEWSPAPER

verbal commitment that the Palestinians had given during negotiations at the Wye Plantation in Maryland: that the fugitives would be arrested t0 at a time on the second, sixth and 10th week of

the 12-week implementation. "It's not just a detail, it's one of the more central parts, and when we finally got the plan from the Americans, it was absent, Mr. Sharansky said, 'This needs to be fixed, and it can only be fixed through the Americans, and we expect to see very clear language from the United States. We need dates and figures, something that can be checked and controlled."

Several scoior Palestinian officials, on the other hand, said the Israelis were treading dangerous ground in trying to force sensitive security issues out into the open. Saeb Erekat, who was a top negotiator in Maryland, said the Israelis were trying to bumiliate the Palestinian officials before their own people.

"They are going out of their way to make it seem like we are agents of the Israelis, ready to do their bidding." Mr. Erekat said. "We have prepared a security plan. The Americans have accepted it. It is a classified document. The Americans should intervene immediately to make Netanyahu honor his commitments, or this will go on forever and he will oever be sarisfied."

An Israeli official said the prime minister's representatives made a phone call at 3 A.M. Washington time to Dennis Ross, the American peace envoy, to ask that the timetable for the arrests be put in writing before the cabinet meeting scheduled for Tuesday afternoon.

In Israel, political analysts struggled to guess at Mr. Netanyahu's motivations for canceling his cabinet meeting. further delaying an implementation

further delaying an implementation plan that is on a very tight schedule.

Some speculated that he was buying time until Aried Shirtin, the foreign timinister, recovered from the flants buying time until Aried Shirtin, the foreign timinister, recovered from the flants buying to among his middless. Dues be reall he was trying to straid tall and winted last concession from the flatestiments in tide not just to win a fablicity, but a decisive majority, in the etallinet radification vite.

I think he wants to pull out all the stops and make the vote an impressive victory with complete cazzle didate, said David Makovsky, the dipromatic correspondent for the arets, a daily newspaper.

And still others promised if this were genuine ideology stiller than political pragmatism speaking, a last minute spasm of mistrict over the Palesthians intentions.

■ Protest in Rast Jerusalem

Israeli peace activists protested the construction of a Jewish neighborhood in raditionally Ariab Base Jerusalem on Tuesday, and five demonstration were arrested after stephing in front of 12. If dozer. The Associated Press reported from Jerusalem.

The protest in the Ras al-Armed neighborhood was organized by Peace Now, which favoirs the creation of a Palestiman capital in East Jerusalem, which israel captured in the 1967 Middle East war.

The 1.6 hectare employees a first is owned by an Albertian raditionaire, Irving Moskowitz is supporter of Jewish settlers who pittles to build 32 mass on the site:

Obasanjo, Ex-Military Rules. To Seek Nigerian Presidency

would run for president in ed civilians in Africa's most elections set for February.

I am here to inform you that I have decided to offer to serve our country again, and General Obasanjo said ar his farm at Otta, 40 kilometers C25 miles) north of Lagos. I complete settlem politicians therefore intend to seek the nomination of our party, the

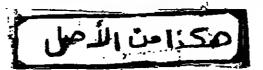
dictator Sani Abacha

OTTA, Nigeria — General Nigeria hy flure years before Olusegun Obasanjo, the only stepping down in 1979. Gen-Nigerian military ruler to step eral Abstratar is following in down voluntarily from his footness with his own power, said Tuesday that he plan to restore power to electwould run for president in ed civilians in Africa's most elections set for February populars interior of 108 mil-

nomination of our party, the ing its benefitants met his ob-People's Democratic Party, jective of keeping ethnically

People's Democratic Party, as its presidential candidate."

General Obasanjo, 61, was freed by Nigeria's military ruler, General Abdulsalami Abuhakar, in June, three years in 1976, General Obasanjo into a 15-year jail term for an alleged plot to topple the late dictator Sani Abacha regime (Reuters: AFP)



اعت الأصل

BRIEFLY

Beijing Allows

Private Groups

media said Tuesday.

BEIJING — China has opeoed the door to the creation of private

social organizations but warned

that such groups require govern-

ment clearance and must firmly up-

hold Communist Party rule, official

Under guidelines promulgated by

the State Council, or cabinet, Oct.

25, private organizations with more

than 50 members are eligible for government approval. The 40-article Social Organization Registration

Regulations made no provisions for

Opposition activists who have

been trying to register an opposition party since June have been detained

or harassed by local authorities. The

new rules specifically bar individuals who have been stripped of their

political rights or are "not acting in accord with the will of the people"

from applying to form social or-ganizations. (Reuters)

GENERAL SANTOS, Philip-

pines — A Philippine journalist was

hot to death in the southern town of

Digos, the police said Tuesday.

Dominador Bentulan, a provin-

cial correspondent of the state-run

Philippine News Agency, was shot in the head over the weekend by

four unidentified motorcyclists, the police said, adding that no motive

was immediately apparent.
Mr. Bentulan was the 33d Phil-

ippine journalist to be slain since

the end of the Ferdinand Marcos

dictatorship in 1986. Many of the

previous victirns were known for

exposing official corruption and

(Reuters)

Reporter Slain

In Philippines

the formation of polinical parties.

ASIA/PACIFIC

Police Witness Says Sex Investigation of Anwar Started in '92

By Keith Richburg shington Post Service

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AND REPORTED FROM THE SAME.

KUALA LUMPUR — The politically xplosive sex-and-corruption trial of Malaysia's former deputy prime minister moved Tuesday from legal wrangling to the substance of the charges against him, with a semor intelligence officer testifying that police had opened an investigation into Anwar Ibrahim's sexual practices as early as 1992.

Mohammed Said Awang, the director of the police's special branch, appearing as the government's first witness against the popular Mr. Anwar, said allegations of sexual misconduct first surfaced six years ago when Mr. Anwar was finance minister, and westigation police then opened an investigation police then opens.

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Mr. Anwar, who was appointed with the police the police then opens.

Mr. Anwar, who was appointed the police the police then opens.

rdeputy prime minister in 1995 and until September was Malaysia's second most powerful politician and the designated their to Prime Minister Mahathir bin Moharmad, has been charged with five counts of sodomy and five counts of corruption. The trial on four of those

charges opened Monday.
The corruption counts center on government accusations that Mr. Anwar used his powerful position to get police to quash the investigations into his alleged sexual misdeeds.

The special-branch director testified

Tuesday that in August 1997, Mr. Anwar called for a meeting to discuss what he called wild allegations circulating about him. Government prosecutors contend that Mr. Anwar tried to tamper with the police inquiry. But Mr. Mo-bammed Said said only that "Anwar sked me to look into the matter."

Mr. Anwar has pleaded not guilty to tall the charges against him and has faccased Mr. Mahathir, his onetime mentor, of using trumped-up allegations 10 discredit his name and remove a popular political rival. .-

Mr. Anwar's arrest Sept. 20 ignited an outpooring of public protest in Malaysia against Mr. Mahathir and has brought to the surface pent-up frustra-tions with the country's political system, restrictions on its press, a police "force seen by many as out of control and The credibility problems for the gov- Anwar Ibrahim leaving the Malaysian High Court on Tuesday after the second day of his criminal trial. a judicial system that some fear has become a tool of the ruling elite.

ernment and the police worsened in September when Mr. Anwar emerged from a week in police detention with a black eye and other signs of what he said was a severe beating that left him un-conscions. Mr. Mahathir, who is also the minister for home affairs, promised on Sept. 30 to fully investigate Mr. Anwar's claim that he was beaten in custody, but more than a month later, no result of any inquiry has been an-

nonneed. Since his arrest, Mr. Anwar's sup-porters and others fed up with the couniry's closed political system have been staging weekly demonstrations calling for Mr. Mahathir to resign. One of those protests turned violent after police used water cannons to disperse a crowd emerging from the city's main

Tuesday, troops armed with automat-

ic rifles and wearing red helmets and shields put a heavy cordon around the courthouse where the trial was being held. Only a few hundred people gathered on the periphery of the police

The sensational case has also attracted iotense international interest, particularly because Mr. Anwar, before his dismissal and arrest, had been widely touted as a kind of new breed Asian leader who was more democratic, and more sophisticated in economic management, than the 72-year-old Mr. Mahathir, who rose to power through the past struggles against European colonialism. Mr. Anwar, who is 51, counts among his personal friends President B. J. Habibie of Indonesia, and President ident Joseph Estrada of the Philippines, both of whom have publicly come to his

Many Malaysians were shocked and skeptical when Mr. Mahathir first raised the accusation that his heir apparent was a serial sodomist who had abused his power by instructing the police to coverup his sexual dalliances with men.

Mr. Anwar has long cultivated an image here as a devout Muslim, and he is married and a father of six. Not until he began falling out from Mr. Mahathir over economic policy, with the two men clashing sharply over how to respond to the Asian financial crisis that broke our last year, did any allegations of sexual propriety surface publicly.

In presenting Mr. Mohammed Said as their first witness, government prosecutors appeared to want to show that the accusations of sexual misconduct

Mr. Mohammed Said said he first learned of the Solid Grip investigation

from two colleagues who briefed him in 1997 after more allegations surfaced, attributed to Mr. Anwar's driver, Azizan Abu Bakar, and a female acquaintance, Ummi Hafilda Ali, who was the sisier of Mr. Anwar's private secre-

Mr. Anwar, according to prosecutors, met with Mr. Mohammed Said and his special-branch deputy, Amir Junus, at his official residence in August 1997 and instructed them to obtain wrinen statements from the driver and the woman denying any sexual misconduct on Mr. Anwar's part.
The two did submit wrinen state-

ments denying Mr. Anwar had done anything wrong, and the crux of the government charges is that Mr. Anwar had tampered with the investigation by instructing the police officials to obtain those statements.

52 Raped in Riots, **Indonesia Reports**

JAKARTA - An official team investigating the riots that helped topple President Suharto said Tuesday that 52 women were raped during the unrest, and that it suspected an army unit led by Mr. Suharto's son-in-law was linked to the violence.

But investigators said they had not yet established whether the rapes were organized and systematic, and added the armed forces as a whole could not be blamed for the rioting last May.

"The number of rape victims is 52," Marzuki

Darusman, head of the team, said at a news conference to mark the issuing of a long-awaited report on the rioting. "We have not yet been able to conclude whether these rapes were a result of the excesses of the riots or were organized. Indicating that members of the military con-

tributed to the downfall of Mr. Suharto, the government fact-finding team did say that some security officials incited riots just before his ousier. The release of the harshly critical report is a further blow to the credibility of the Indonesian

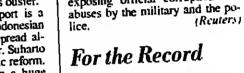
military, which is caught between widespread allegations of human rights abuses under Mr. Suharto and a new role as a promoter of democratic reform. It comes as the military is preparing a huge security operation to protect a government as-sembly that will cast guidelines next week for general elections in 1999. Student activists plan to

protest, saying the government is not moving fast enough on political reform. Almost 1,200 people, most of them looters trapped in burning buildings, died in the Jakaria nots from May 13 to 15. Other cities, particularly Solo in Central Java, were also badly hit. Human

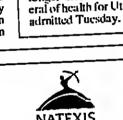
rights groups said at least 168 women were raped in a systematic compaign.

The report said the government should investigate a meeting held on May 14 at the

headquarters of the Kostrad strategic reserve forces. headed at the time by Lieutenant-General Prabowo Subi-General Prabowo was dis-



More than 300 villagers died from malaria in northern India in September and October because government doctors gave them medicines that had expired nearly two years earlier and were no longer effective, the director-general of health for Uttar Pradesh state



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Agent Orange Lingers in Vietnam, Study Finds "As Western-based scientists, we food chain. It also found elevated dumped on South Victnam during the

By David Lamb Los Angeles Times Service

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can hardly recommend less be done in

ronmental cleanup and more exten- a component of Agent Orange, in the sive studies would be mandated and blood of Vietnamese born after the still are being transferred through the of chemicals that the United States of the spraying. implemented," said the report by war — indicating that contaminants

levels in fish and animal tissue. The study made no attempt to de-

termine the number of people af-HANOI — The chemical Agent Orange that was sprayed by the United States during the Vietnam chemicals that were sprayed on Vietnam from 1961 to 1971 in an effort etnam from 1961 to 1971 in an effor

company.

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Using research that ranged from used by Vietnam to make its case that the country has a serious environmental and health problem that the company found high levels of dioxin, rombental cleanur and rome extentions.

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Challenge From Saddam

Clinton Must Respond

Saddam Hussein now has taken the final step in breaking his promises of cooperation with the United Nations. He had for three months been blocking surprise inspections by UN arms experts trying to ferret out his clandestine nuclear, biological and chemical weapons programs. Now he has said be will block even the regular, announced visits by UN monitors whose work had been continuing. Absent a response from the Clinton administration and the United Nations, nothing now will impede Saddam's ambitions to maintain and rebuild the weapons of mass destruction he promised to give up.

U.S. Secretary of Defense William Cohen said that UN Secretary-General Kofi Annan "should be concerned because his credibility and that of the Security Council is on the line." Mr. Annan's spokesman immediately sought to deflect the responsibility. The squabbling was unseemly and discouraging. In fact, Mr. Annan's credibility is on the line, but President Bill Clinton's is more so, It was Mr, Clinton who sent Mr. Annan to Baghdad last February to defuse a similar crisis: it was Mr. Clinton who promised a military response if Saddam Hussein violated the agreement that Mr. Annan negotiated; it was Mr. Clinton who failed to respond when Iraq shredded the pact in August. No wonder Iraq's vice president can say. "Iraq does not fear the threat of the United States because it has been threatening Iraq for

the past eight years."
The United States must respond

with force if Iraq does not allow UN teams — passive monitors and surprise mass destruction as possible. Yes, even still out. That is why a serious strategy

A serious strategy also must include upport for Iraqis seeking to replace Saddam's criminal regime with something more democratic and less bel-licose. Mr. Clinton, in signing the Iraq Liberation Act on Saturday, vowed support for such a transformation and said. The evidence is overwhelming that such changes will not happen under the current lraq leadership.

His failure after all these years to honor that pledge gives the United Nations every right to reconsider its merciful cease-fire terms.

Audacious Defiance

Emboldened by its past successes in curtailing arms inspections, Iraq has now virtually banned all monitoring efforts. Before Saddam Hussein will let this vital work resume, he unreasonably demands that the UN Security Council guarantee an early end to in-ternational economic sanctions, Such a commitment would relieve Baghdad of its obligation to prove that it has eliminated all illegal biological, chemical and nuclear weapons and missiles that can deliver them. This contempt for Security Council resolutions has spurred even previously equivocal members like Russia. China and France to condemn Baghdad's decision and demand that Iraa comply in full with all resolutions. This show of unity is important, and welcome. But experience suggests that resolutions alone will not be enough to make Iraq live up to its obligations. Washington, together with whatever partners it can mobilize, must once again be prepared to enforce the Security Council's demands with military action.

Since August, Iraq has prohibited UN investigators from carrying out surprise inspections of new locations where they believed that weapons ingredients or

inspectors alike - to resume their work. It should respond as part of a UN-hacked alliance if possible, alone if necessary. Its bombing campaign should not be symbolic but designed to destroy as much of Saddam Hussein's capability to make and use weapons of such a serious military effort might end with Saddam still in and UN inspectors to deal with Iraq must include a will-ingness to bomb more than once, if Saddam again tries to reconstitute his weapons of mass destruction.

This is not a maner of the United States and other countries meddling without right in Iraq's internal affairs. Iraq began this by invading Kuwait. The United Nations authorized a U.S.-led military campaign to reverse that aggression. Having defeated Imq's army, the United States chose to accept, in place of Saddam Hussein's total surrender and relinquishing of power, his pledge to disarm.

--- THE WASHINGTON POST

documentary evidence might be hidden. That seriously undermined the inspection program, but at least previously identified sites were still visited by inspectors and kept under surveillance by cameras and chemical detection devices. Now even those routine inspection visits have been barred. For the moment, Iraq is not interfering with technicians who maintain video cameras and replace batteries, but this equipment is much less important than

the inspections by trained specialists. Until early this year Washington consistently backed the UN inspection program with the threat to use force, the only language that seems to move Saddam Hussein. But White House resolve weakened last spring, and Washington responded meekly when Iraq halted

surprise inspections in August. Whenever Saddam senses hesitation he moves to gain advantage, and Washington is now dealing with the predictable consequence of its desire to avoid another confrontation. The threat of Iraqi chemical and biological weapons is too grave to treat exclusively as a diplomatic matter, as the White House now seems belatedly to recognize. If diplomacy backed by the threat of force does not budge Saddam. military action itself may be needed. -THE NEW YORK TIMES

A New Look at Colombia

. A scantly remarked but crucial aspect of the war on drugs is that it engages the United States in the internal affairs of countries with weak institutions and a strong nationalist streak. This requires Washington to temper its impatience on drugs with an awareness of internal complexity and national feeling. Nowhere, with the possible exception of Mexico, is this more important than in Colombia, a country tom by insurgency, violence and corruption and the source of most of the cocaine and heroin entering the

Colombia's newly elected president. Andres Pastrana, a former journalist with a reputation for honesty, has been in Washington seeking help for his country's drug dilemma without upsetting its political equilibrium. He is pursuing a policy of opening up a political space and giving a military free pass to draw in guerrillas of the ·left, undertaking military and judicial reform to reduce paramilitaries of the right, and meanwhile taking on the drug traffickers, who have their own

connections on the two flanks. To Washington's conservatives, tak-ing on the traffickers means shooting up their infrastructure and spraving peas-ani coca and poppy fields. The Republican Congress showed its muscle by inserting several hundred million dollars' worth of unsought drug-fighting military aid into the omnibus budget bill. Mr. Pastrana sees how such tactics as applied in Peru drive coca cultivation into Colombia. He believes that crop substitution in a framework of national development is the more effective strategy for Colombia.

That leaves the question of what is the more effective U.S. strategy. As the cemer of global demand, the United States has its own responsibilities in interdiction and law enforcement and. even more, in development, education and treatment. Colombia and other drug sources lack the weight to shape U.S. policy the way it can influence theirs. This makes for an unequal relationship. and Americans must tend to it.

-THE WASHINGTON POST

Other Comment Guerrillas Stall the Fight

As long as guerrillas reign in the Colombian countryside, it will be impossible for the state to eradicate illicit crops and destroy the network of cocaine and heroin processing laboratories. As long as there are guerrillas, the focus of the military and the police will remain primarily on the fight against them, and the combat against drug traffickers will remain in the background.

- Mauricio Vargas, commenting in the Los Angeles Times.

Herald Eribune

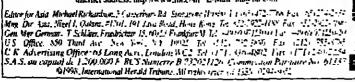
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An Earnest Exercise Hasn't Healed South Africa

JOHANNESBURG — The final re-port of South Africa's Truth and Reconciliation Commission, released on Friday, tesulted from more than two years of hearings into apartheid-era atrocities, and its principal finding was that the government used security forces to intimidate and kill anti-apart-heid agitatots. To a lesser extent, the teport also criticized the African National Congress for its violent tactics.

But the whole process has been full of inconsistencies. It is mostly the foot soldiers who will be punished, while many high-ranking criminals will walk away tree. And those who came before the commission and expressed real remorse will likely pay a lasting price for their candor.

Black and white South Africans now seem further apart than at the dawn of multiracial government in 1994, and the commission's main recommendations are sure to engender more bitterness. The idea that all businesses should accept collective guilt and pay 1 percent of their net worth as a "reparations tax" will be hotly contested.

The report's charges against some 200 people who failed to apply for amnesty for human rights abuses or other crimes will set off a wave of questionable prosecutions

The report reflects the flaws in the commission's original structure. Instead of expert historians and lawyers, the commissioners were mainly former polincians and clerics. One result was By R. W. Johnson

that sometimes it had the air of a church service; there was much praying and a desire to get everyone to confess and to stage instant reconciliations, usually involving bugging, between buman rights abusers and their victims.

More important, the commission and its staff of researchers were overwhelmingly made up of ANC members and officials. Opinion polls consistently showed that clear majorities of black and white South Africans saw the pro-cess as biased. A more neutral body would have been bound to come down very heavily and with more credibility against the apartheid regime.

So the Inkatha Freedom Party, led by Chief Mangosuthu Buthelezi, refused to cooperate. The commission has now denounced him (although it never dared summon him to give evidence). and he has dismissed its criticisms as comical and preposterous."

The perception that the commission was hardly impartial was compounded by the way it harassed former President Frederik W. de Klerk, who was awarded the Nobel Peace Prize in 1993 for his part in ending apartheid. The commis-sion harangued him in the witness box for six straight bours without a recess. A public outcry followed, and the commission was forced to apologize.

By Mahathir bin Mohamad

Mr. Mahathir is prime minister of Malaysia.

to individuals, and depended on a full confession, the amnesty committee gave collective amnesty to 37 ANC leaders who never came to testify or revealed what they had done.

The giant mining company Anglo American was made to apologize for its past, including its failure to raise mine workers' wages over a 60-year period, but it was not acknowledged that the company's personnel director at the end of that period was Alex Boraine, the commission's deputy charman.

By the end the commission, knowing

that its credibility was in question, must have realized that if it was to be taken seriously it had to condemn at least a handful of major ANC miscreants. So a few people were made examples of; Winnie Madikizela-Mandela was charged with 18 offenses including assault, torture and murder. Many see

these condemnations as token gestures.

The commission failed to bring any charges against high-ranking white politicians of the apartheid era. It did not even get the greatest villain of all, former President P. W. Botha, to tesnfy. This may be what led it to accuse Mr. de Klerk of having been an accessory after the fact to two hombings in the late 1980s. He took the commission to court and forced it to remove the sections on him from its report.

This moral triumph for Mr. de Klerk outraged ANC activists, who were Although the commission's rules already unhappy with the commisstated that amnesty could be given only sion's finding that their party had been comment to The New York Times.

guilty of buman rights violations. Hence their abortive last-minute attempt to halt the report's publication. In the end, only the Democratic Party, which always opposed apartheid nonviolently, endorsed the report.

Now we brace ourselves for a long series of court cases. Many prosecutions are likely to fail, as the commission was not a legal body and evidence was often lacking. The pressure for a general amnesty will grow.
If that occurs, it will undermine the

whole truth and reconciliation process and make anyone who confessed before the commission in return for am-

oesty look very foolish.

Nobody thought that dealing with such a painful past would be neat or easy. Few people argued against bringing the atrocities of the past out in the open, although the families of some victims — including the relatives of Steve Biko — angrily opposed recon-ciliation and the whole idea of granting armnesty to torturers and executioners.

Yes, the commission deserves some praise for its compendious, if often arguable, account of the appalling history of apartheid. But the report's many shortcomings show the risks inherent. in any society's attempt to reconcile history, memory and the human heart.

The writer, director of the Helen Suzman Foundation, a nonprofit pro-

In Malaysia, 'We Don't Practice Cronyism or Nepotism's

UALA LUMPUR — Most A people have interpreted Malaysia's policy as shutting ourselves off from the world economy. We cannot do that, or we would harm ourselves. We

are a trading nation. We Malaysians need the world as our market, and we need to buy many things from abroad. But we believe that currency trading is very damaging because it can ruin our real economy. It is the root problem of the crisis in Asia.

What we have done is make our currency no longer legal tender outside Malaysia. Therefore, if an outside speculator were to buy the ringgit. it would be worth nothing. It is only worth something if it is brought hack into Malaysia, where the exchange rate is set by the govemment.

currency. That is all. Otherwise, capital can come in and out of this country freely, but for one rule: If you invest in the stock investment for one year. Chile has a similar control.

Because we are no longer threatened by currency traders or stock market manipulators. our economy is already recovering. We have lowered interest rates, just as the United States has done, and increased the amount of money available in the economy. The housing and car markets are picking up. The halance of trade is now very much in our favor, and our toreign reserves have increased by billion since Seotember.

The business climate for investors today is much bener than when we couldn't stop the raids by currency traders.

I agree that this policy should

WASHINGTON - John Glenn is up there, cir-

cling the Earth and pretending

to study the effect of space-

flight on aging. The exper-

iment is a phony, yet I could not be happiet. This is one

little step for my generation.

O.K., so Mr. Glenn is not

western and - look, it's

something - much balder.

But we are both above 49, the

cutoff point for most of Amer-

ica's adrenisers. Above that

age, you are supposedly use-

less as a consumer — a self-satisfied old coot who has ev-

erything he could ever want and will not spend an addi-

tional cent on, say, yet another

pair of running shoes. As far

as the American emerican-

ment industry is concerned.

John Glenn is precisely where

But the under-49ers, ah that

is a different story. Advert-

isers covet them because they

buy things. They are sup-

posedly building families and,

more important, brand loy-

alty. If, for instance, General

Motors can get a young man to

buy a Chevy, they think that,

with the years, he will stick

with GM, moving all the way.

God willing, to a Butck or

This accounts for why tele-

vision programs that appeal to

same advertising rates as those

that have younger audiences,

older audiences can't ask the

he should be.

even a Cadny.

know Anwar Ibrahim and Munowar Ances, the respectful edlimited exercise that is aimed iter of Islamica Periodica who only at stopping speculators was charged with having sex from buying and selling our with Mr. Anwar, have regarded with Mr. Anwar, have regarded

speculators will attack us again

covered, and then the currency

traders came back and sem them

into another downturn. When

currency trading within reasonable limits, then Malaysia will

forget about its controls.

It is plain for anyone to see

we lift our controls.

them as pious nien and great advocates of enlightened Islam. The widespread perception abroad, therefore, is that this is market, you have to retain that a politically inspired trial that came about after Mr. Anwar declared in June, in a comment nimed at you, that "the cconomic crisis would unleash a gale of creative destruction ... that will cleanse committee of collusion, corruption and nepatism.``l

I didn't see his remarks as directed at me. ... We don't practice cronvism or nepousm

Look the perception of this political difference between Mr. Anwar, who was my designated successor, and myself is overemphasized by the foreign press. Actually, politics and economic policy had nothing to do with our split.

Making an Adult Point in Orbit

By Richard Cohen

older audiences do oot do as

well as shows with young

But there is an even young-

er group of consumers out

there -- 36 million teenagers.

watch television and shop.

They are estimated to have

anywhere from \$82.1 billion

to \$108 hillion in disposable

income and the determination

to dispose of this income by, if

And these teenagers are loval to nothing, moving from

one fad to another for reasons

that no one can quite figure

out. What is bot today can be

gone tomorrow - the Grunge

nothing for an adult to watch

on television. The medium has

become mindlessly juvenile

that a supposedly 19-year-old

television actress and writer,

Riley Weston, was actually

Kimberlee Kramer, 32. She

had signed a \$300,000-a-year

contract with Touchstone

Television to write shows

about teenagers. Now that it

has been discovered that she is

not a tecnager herself, her con-

tract with Touchstone looks

kaput. A woman her age might

thing wise.

Shows with high ratings but some of this is sad, but a piece

-who knows? --- write some-

Some of this is funny and

as has, I should add, radio.

Recently it was revealed

As a result, there is virtually

possible, tomorrow.

look, for instance

exactly my generation. He is All they do, apparently, is older than I, much more Midwatch television and shop.

audiences and lower ratings.

be a short-term one. However, volved in sexual activity, with before we go back, certain con- men and women, that is not ditions must be in place. If cur- acceptable in a leader of Malayrency trading continues to go on without rules or regulations, the take action. I consulted with the others in the cabinet, they agreed, and I removed him. Believe me, it is just coincidental

that this has already bappened in Mexico and Brazil. They rethat this happened during the-currency crisis. Even if all had been fine on the economic front, would have had to sack him. I had told the party over and over again that Mr. Anwar was there are regulations that curb the most suitable person to be-come the leader of Malaysia. Now I can no longer say this because of his sexual perversity. He does not have the (Nathan Gardels: Those who moral fiber to lead. I feel be-

> grateful that I discovered these things before I stepped down. Prime ministers of Malaysia have removed ministers from their cabinets before without any reaction. In the past, ministers have been tried and even sentenced to death in Malaysian courts. Mr. Anwar served in the cabinet only at my pleasure. And I withdrew my support. That is the system.

> Yet he prefers to accuse not just me, but the whole government, the prosecutors, the po-lice and the judges of engaging in a vast conspiracy to displace him. If there was a conspiracy that hig. I guarantee you that people would have known

bout it long ago. Using his popularity, he mo-bilized demonstrations to destabilize the country in order to stop the trial from taking place. because if there were a trial, many things would be revealed. Instead, he wants to bring the government down by demon-I discovered that he was in- strations, as happened in In-

is worrisome. If you watch the

nightly news shows, you will

see that their sponsors make

products for old people — adult diapers or vitamins for

those of us thrilled to be silver,

whatever that means. Many of

the news features are about

aging, as well. The audience is

television set and warched the

same program. In this way a hit

show became a shared experience, something that we all could talk about the next day at

work. No more. Now there are

shows for teenagers and shows

for young people and shows -

the news, for example - for

still older people. The com-

munity has fractured. We have

less and less in common with

Glean got young people to pay

attention to an old person, but

that seems not to be the case.

A young colleague reported

that among his friends John

Glean's space shot was a sub-

ject that, albeit historic,

Butstill, for a flash, we over-

49ers had our moment. Tele-

vision doesn't want us and ad-

vertisers won't pay for us and

at 32 you are washed up as a

television writer. But even if it

is only for a while, the 77-year-

old John Glenn was the very

best show on any network.

Hooray for him, he's back in space. Now, for crying out

The Washington Post.

loud. John, buy something.

simply never came up.

I would love to say that Mr.

one another,

Once, a family sat before the

seeing stories about itself.

donesia. This is not Indonesia, know how. But we have an inand I am not Suharto.

We believe in the rule of law. and be must be tried before the law just like anybody else. I am not surprised that people

don't believe what I tell them now about him. / didn't believe it. Like everybody else, I be-lieved him to be a very pious person. That was one reason I admitted him to the [United Malay National Organization]. It was wby I pushed him up to be a leader of the party.

So when I was first told of his sexual activities, I couldn't believe it and dismissed the idea. I took no action. I kept quiet. Lasi year, it was brought to my attention again. I said at the time, and you can read the newspaper trayed by Mr. Anwar, but I am who did not want him to be-Mr. Anwar himself then re-

uested the police to investigate book written about bim called '50 Reasons Why Anwar Should Not Be Prime Minister." The police investigated and informed me that they found some truth in the charges. Again I didn't believe it. So personally I questioned six people — Mr. Anwar's drivers and three women he propositioned, two of whom refused and one of whom complied without the presence of the police and assuring them that they could tell me the absolute truth

and that I would protect them. They told me what happened. I can't imagine that six different people, unrelated, could have the same stories.

Mr. Gardels: The men who confessed" to having sex with Mr. Anwor, however, including Munawar Ances, later retracted their confessions as having been coerced.

Yes, of course they did. Some lawyers went to them and said, "Look, you can retract and appeal." But who in their right mind would bave confessed in the first place to that type of activity if they knew it would bring shame to their families and lead to them being jailed? [Mr. Gardels: You are convinced, then, that Mr. Munawar was not coerced?]

I never talked to him. I never saw him. I never met him. All I know is what I read in the press. So with him, I do not know.

[Mr. Gardels: Why was Mr. Anwar beaten when he was first taken into custody?]

I don't know wby. I don't Syndicate.

vestigation under way. There should be no cover-np. Whoever is responsible will have to face the consequences. I know nothing about what happened to Mr. Anwar in jail. Certainly, it is not something I wanted to happen. It would be crazy for me to let him get that black eye so he could parade it all over the world.

[Mr. Gardels: The political troubles in Malaysia are bound to have an economic impact. Alvin Toffler, the futurist who sits on the advisory board of your hi-tech Multimedia Super Corridor, along with Microsoft's Bill Gates and others, has written (IHT Opinion, Oct. 29) reports, that this was an unfounded accusation by people
who did not want him to beto undermine investor confince in this kind of Internet Age project, which requires freedom. Doesn't this criticism

worry you?] Yes, I'm worned because Alvin Toffler is a very influential person. But I'm sorry that he did not first try to find out the truth about our situation. I know he is concerned about Munawar Ances, who is a friend of his, but it is not in my power to release Mr. Munawar. I am not that kind of prime minister. The law is the law. He bas been sentenced by the courts. What I can do is be sure that he is well treated. And I will see to that.

But to link that to the MMSC is unfair. The MMSC is a project that has nothing to do with politics. It is business. Why should that be linked to the internal politics of my party? Do the people live in political fear here? No, they go about their business as usoal. Like anywhere else, unless people are throwing stones at the police,

they have nothing to fear.

If investors are concerned about stability, we have it. This is a multiracial country. How many countries with such different ethnic groups — Chinese, Indians, Malay — are as stable as Malaysia? This is not Indonesia. Malaysians don't go for overthrowing enveraments with street dealers.

Strations. They would refer to their businesses succeed.

This comment has been adapted by the International Herald Tribune from a longer in-terview conducted on Monday by Nathan Gardels, editor of Global Viewpoint, and distributed by the Los Angeles Times

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: U.S. Demands PARIS - The Hispano-Amer-

ican Peace Commission will fix the high water mark of the American demands. Complete surrender by Spain of her sov-ereignty over the Philippines will be insisted upon, and should Spain refuse to proceed Mr. Day will hand an ultimatum to the Spanish Commissioners. This determination is said to be due to the desire of President McKinley and the Republican party to reap as much advantage as possible from the enunciation of an imperial policy just before the elections.

1923: Bavarian Threat

BERLIN - The Bavarian Government has addressed a letter to the Chancellor in the form of an ultimatum, demanding the creation of a dictatorship for the Reich. Unless a Right dictatorship is established in Berlin, Ba-

varia will order the troops now massed on the Bavarian frontier to march immediately. The 'Muenchner Laetste Nachrichten" explains the motives underlying the Bavarian coup. It says: "If we wish to see Germany issue from the desperate plight into which she has been dragged by Marxism, there must be an entire break with the left. If we wish Germany to rise anew. we must repudiate the mendacious Treaty of Versailles."

1948: Truman Wins

NEW YORK — President Harry, S. Truman, in the biggest political upset in American history. has won the presidency of the United States. President Truman will have a Democratic House of Representatives and Senate. He seemed almost humble when he accepted the congranulations of old friends. "When you win." be said, "you can't say anything about it. I'm just happy."

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OPINION/LETTERS

Competitive Races Are Now Rare

By Larry Makinson

ASHINGTON — To hear pollsters and pundits talk about individual party officials as well. It is races, you might have sensed a lot of suspense in the air on are using as they make their have been in doubt. But the groups that have hig stakes in reality is that truly competitive races are rare these days. Follow the money and you

can see wby. Reports to the Federal Election Commission show that in about 60 percent of races for the House of Representatives, one candidate, almost always the incumbent, has outspent the other hy 10 to 1 or more. Souse incumbents have raised an average of \$625,000 over

the pasi 21 months, more than four times the amount collected by the average challenger. It is thus no surprise that

the re-election rate in the House will likely exceed 98 percent this year. This makes it a oearly perfect bet that if you write a check for \$1,000 or so to an incumbent, you will have a friend in Washgress convenes in January. In short, that money is not

aimed at influencing elections: it is a tool for lobbying.

implicit in the rationale they coming legislation.

that was sent to military contractors by Floyd Spence, the South Carolina Republican Earlier this year when the South Carolina Republican tee. The solicitation fell into and a fax went hy mistake to the Washingtoo hureau of The Associated Press.

How does a defense cootractor say "no" to the chairman of the committee that oversees his industry?

Multiply that fax by a thousand and you have a sense of donors have had to deal with this year. It may be a yawner of candidates and the national parties, it is the prelude to Armageddoo if you fail to send in your money, right now.

The appeals are likely to get

more urgent. We are now see-ing the opening round of a hidding war for important congressional chairmanships.

When the Republicans took control of the House in 1994, they set six-year term limits this election day. True, a pitches for contributions from for all the new committee handful of contests may still companies and interest chairmen. So unless the Democrats miraculously retake the House, we shall see a Consider a recent fax ask- new crop of Republican chairing for campaign donations men after 2000. How will the oew leaders be selected?

> who is chairman of the House Republicans announced "Op-National Security Commit-eration Breakout" -- a plan to raise \$37 millioo in soft money public hands when one of Mr. for issue advertising in the Speoce's staff members for- 1998 election — they took a got to punch in the area code, new approach, selecting party politicians as top fund-raisers. Committee and subcommittee chairmen in particular were given hefty quotas.

Then last month, the Cap-itol Hill newspaper Roll Call reported that Philip Crane of Illinois — the seoior Republican on the House Ways and the pressure that would-be Means Committee after the chairman, Bill Archer - had ington when the 106th Con- an election, but to listen to the \$100,000, while Bill Thomas of California, who is making a play for the chairmanship, announced that he was set to raise \$500,000.

Ethics Committee, a post generally deemed undestrable. The writer is executive di-

rector of the Center for Rein line for promotion, sponsive Politics, o nonpartisan research organization 19 committees in the House that studies money and polthat would have oew Repub- itics. He contributed this com-Roll Call said Republican lican chairmen after 2000. ment to The New York Times.

Head for the Hills in 2000?

By Neal R. Peirce

WASHINGTON — Planning to head for a cabin in the bills with a stock of dehydrated food, bottled water and your one of dozens of Y2K Internet sites, is a

emergency shelter, perhaps in a local school or church, where folks could retreat for bes.com) has had more than 1 million hits. warmth, light and food in case grievous emergencies develop?

That is the stark choice that the millennium bug -- the prospect of computers

MEANWHILE

and embedded memory chips, unable to recognize a four-digit year, going haywire on Jan. 1, 2000 - seems to present to some

From the people who know computer systems — programmers, engineers, government and business experts — there is now a rising crescendo of warnings about potentially grave Year 2000 problems.

At best, we can expect isolated equipment failures — traffic lights malfunctioning or short-term local power hlackouts, for example. But wholesale hreakdowns could supply cutoffs, telephone systems inoperative, fuel and heating oil shortages, failed rail and trucking networks, making it impossible for supermarkets to restock their shelves.

The impact at the grass roots, in Americans' everyday lives, could be profound. In the words of Michael Hyatt, author of "The Millennium Bug": "In previous gen-'myth of cootinuity'; everyooe assumed that life would be periodically interrupted hy crises. But many of us - particularly those of us who are baby hoomers --- have oever really had to face a widespread social crisis. War, famine and pestilence are outside Americans' realm of firsthand expe-

When he was a boy in rural Nehraska, Mr. Hyatı recalls, people had a storm shelter and a pantry for protection against tornadoes and severe blizzards. And oeighbor was always ready to help neighbor.

body of Year 2000 survivalists, people laying in supplies of fuel and canned food and generators, planning to retreat into their homes — or to cabins in the woods.

It is an alarming trend, suggests my colleague Curtis Johnsoo, chairman of the Metropolitan Council in Minneapolis-St. Paul: 'If this event drives us into deeper behavior of individualism, if our mentality is that every house is its own "Y2K" fortress and my neighbor be damned, it will be as seriousa calamity as any technological failure."

The heartening news is that from the grass roots up, hundreds of local groups are already

organizing to raise Y2K awareness and explore how whole communities can collaborate to weather a period of severe crisis.

The Denver-based Cassandra Project, own gasoline-powered generator?

Or work with your neighbors to set up an munity preparedness rather than individual survivalism. Its Web site (www.millennia-

The Year 2000: Social Chaos or Social-Transformation?" is the title of three futurists' views of perils and possibilities. (www.angelfire.coni/California/rhomer/social.html). Americans of all ages and ex-perience, they write, need to undertake community audits of potential problems and contingencies to deal with each potential loss of service, from utilities to food supplies. public safety to health care.
Indeed, this potential calamity could

have the dividend of bringing people together in neighborhoods where few resideots currently even know each other.

But we need to get specific fast about an emergeocy shelter for every community and it ought to be schools, suggests Douglass Carmichael, a leading Year 2000 coosultant. The federal and state governments, he says, should quickly appropriate funds: well occur: longer electrical, gas and water and press to make sure schools can provide water, food and a warm space through the winter of 2000.

One reason: Schools - as with hurricanes or floods — are a familiar emer-gency locatioo in American culture. Mr. Carmichael proposes rapid steps to authorize National Guard or other military.

help to get the schools ready.

The president, Mr. Carmichael argues,

eraions, emergency preparedness was a has to take the lead, telling Americans that way of life. No one was seduced by the people need to be prepared for the worst. Only with presidential leadership, Mr.

Carmichael asserts, will Americans take-Y2K seriously enough sooo eoough to avert "massive hoarding" as an increasingly panicky middle class, each family buying for itself, drives up generator, food and fuel prices, triggering shortages and even open-ing prospects of class warfare.

One is hrought up short hy such ideas. Can all this be serious? Check the frivolous entertainment clogging television channels, look at the media's political coverage ob-Yet now news reports indicate a growing sessed with posturing and the potential of presidential impeachment, and you might think you lived on a different planet.

But the people trying to focus us on Y2Kperils are not nut cases. They are serious technical, husiness, government leaders. Americans ignore at their peril their alert to potential civic disruption and disorder.

Clear national leadership and vigorous grassroots initiatives are not strangers to America. In World War II, both functioned superbly. The challenge now, in an incredibly limited time, is to gain Americans' attention - and commitment.

Washington Post Writers Group.

That total does oot include the

sources made it clear that Mr. Crane's poor fund-raising performance could keep him from becoming the oext Ways and Means chairman. And Mr. Thomas may well be

Ways and Means is one of

* Promiscuous Political Spending Disenfranchises Voters

WILLIAMSTOWN, Massachusetts — My hope in this Tuesday's elections was for a wonderfully perverse reason. All the news coverage forecasting dismal levels of participation told voters that each ballot could count for so much more

That would be an excellent political life. First, consider

If you thought 1996 was the hallot. They would give members, Scotty Baesler, a is doing the year of big abuses in the candidates the option of gelcampaign finance system, look at the tens of millions busting the contribution lim-

its imposed after Watergate. The parties claim they have a loopbole. They say they can raise unlimited money and spend it in any race they want, as long as the boory goes to feel strongly about something change the political money
— the minimum wage, the system. He was on the hook in environment, abortion or, for that matter, campaign finance reform — you should be able to spend what you want to push your cause.

But the parties are not

By E. J. Dionne Jr.

the parties and their candidates are supposed to live un- National Republican Senat- with her on almost every isder certain rules designed to orial Committee, flooded the sue. "Every time an article keep mooey from dominating state with money for ads at- appears in The Natioo'

thing in an election that has voters opportunities to demoostrated some of the protest the campaigo money Feiogold loss would help worst treeds in American system. In Massachusetts, prove that money rules. and also in Arizona, "clean chew raising hig money from money rules.

Connell, a Republican from money issue.

spending this money for any firm is his conviction that he has been markedly ungeoerthat the voters would confound other cause but electing their has agreed to live under the ous toward her, predictions of a low turnout own candidates. Nothing limits he would impose on Ms. Smith, wrong with that - except that everybody else. But Mr. Mc- view, referred to the very lib-Connell, as chairman of the eral magazine that disagrees

against the money system. A

Connell election. Senator Mc- on the basis of the campaign battles.

And then there is Reprethis election in three races.

In Wisconsin, Senator Smith, solidly right-wing on Russ Feingold, a Democrat, so many issues, has fought the public feels disentative and senator so many issues, has fought the entire Republican leadership gaged, said state Representative for public feels disentative for pub

goal is supposed to be helping area and was happily uoopeleci Republican senators,

Ms. Smith, in an intertacking Mr. Feingold, A Fein- ahour her hattles with Mr. campaigns, tacking Mr. Feingold, A Feinahout her hattles with Mr. This election offered gold victory would be a vote McConnell, she said, "these checks come in from around and also in Arizona, "clean In Mr. McConnell's home agree with her, hut they do money" initiatives were on state of Kentucky, two House not like what Mr. McConnell

Political money is part of a ting public money if they es- a Republican, squared off for larger problem. Campaigns an open Senate seat. Mr. have become so much about that have been spent this year private sources. Passage of Baesler is one of the leading money spent for professionthese initiatives would send a advocates of campaign fi- als who deal with polls, ads, message of voter dissatisfac- nance reform. If he has won, direct mail and turnout that tion with a system in which it is a blow to Mr. McCon- actual living, breathing citnell's claim that nobody has izens are almost extinct in the This was also the Mitch Mc- ever won or lost an election conduct of many electoral

The modem campaign is a candidate who takes a hreak "issue ads." The rationale is Kentucky, is the unabashed that if you and your friends foe of any and all efforts to sentative Linda Smith, a Reform fund-raising calls to talk publican seeking to defeat to a media consultant who has

advocates in Congress of on behalf of campaign re-campaign money reform. So form. Mr. McConnell, whose resents the Williamstown

posed. "You have no field organization, no grass roots." Echoing what politicians all over the country say, Mr. Bosley argues that the incentives in the system are

'We don't have to go to people and explain the case. he says. "We just do these ads with these sound bites."

Nobody loves elections more than I do. I confess to enjoying talking to political consultants. And I can spend many bappy bours studying polls. But the system we Americans now have is badly broken. As between citizens and money, we need to tilt the process back toward citizens. How many elections like this will we have before it hap-

LETTERS TO THE EDITOR

Fighting Protectionism

"What can be done to stop a poteotial protectionist juggernaul?" asks Jeffrey E. Garten ("The Protectionist Menace, and How to Resist It," Opinion, Oct. 28). The World Trade Organization was

created for just this purpose. The organization's appeal is now near-universal, with 132 member couotries and another 32 queuing up to join. Each natioo's prospects for prosperity are rooted in economic interdependence. The multilateral trading system helps to ensure that trade policies tread prudently between rights and obligalions. It provides the institutional forum for struggles to be fought out between governments that hold differing positills and priorities on how to achieve the same ends.

But it does not end there. Further challenges need to be addressed. The agreements that gave hirth to the WTO need to be fully realized, not least the commitment to negotiate further liberalization. Preparations have already begun on how to tackle further reductions in industrial and agricultural tariffs, and on how to increase opportunities for trade in services and in iotellectual property. Discussions are also taking place on whether disciplines are needed for investment and competition policies. In hall these negotiations and discussions, the ultimate objective is to neutralize

protectionism in all its guises. Economic policymakers are wary of the deceptive ehh and flow of protec-



too muny of the right things.'

nonism. That is why, at the very mo-meot of the creation of the WTO, governments were prescient enough to set io motion a further agenda for trade liberalization. The fight continues.

NUCH NAZEER. The writer is senior information offiver of the World Trude Organization.

Be Tough With China

Regarding "Wotch Three Trouble Spots in U.S.-Chinese Relations" by Jim

Moun (Opinion, Oct. 30): The U.S. trade deficit with China will reach \$60 hillion in 1998 due mainly to China's protectionist practices. But the American protest is feeble due to pressure from corporate America, which is overly eager to have access to the Chinese market.

China does have leverage over North Korea's misbehavior, be it nuclear armament or development of long-range missiles. But China will exact U.S. concessions elsewhere for its help. A better policy is to strengthen the U.S.-Pyongyang dialogue and work with South Korea and Japan to provide North Korea with food aid and heavy oil for energy.

China's slow pace of economic reform is due to the Chinese Commuoist Party's primary goal to remain the sole ruler of China. Liquidation of had hank loans and structural reform of unprofitable state enterprises will exacerbate the already high level of unemploy-ment, invite social unrest and question-

ing of the Communists' legitimacy.

Regarding a fourth trouble spot, The United States is pleased with the October resumption uf a Taiwan-China dialogue. While discussion of practical issues may resolve problems in such areas as legal safeguards for Taiwanese husinesses in China and the interdiction of illegal drugs and firearms from China to Taiwan, public opinion in Taiwan will not permit negotiation on the future

status of Taiwan now. In the meantime, while China aclively expands its military capacity to invade Taiwan, Chinese Deputy Prime Minister Qian Qichen has announced a new policy of "three liquidations" agaiost Taiwan — that is, liquidate the remaining diplomatic recognition of Taiwan, liquidate Taiwan's international living space and liquidate Taiwao's wherewithal to deal with China

as ao equal. A common thread runs through all trouble spots in U.S.-Chinese relations. The United States has not carefully weighed the varying and often conflicting financial interests of American strategic interests and the security interests of America's democratic allies to East Asia. America has failed to clearly delineate its national interest vis-à-vis China and to firmly assert such loierest. Whether the unpopular Chinese Communist Party can retain control of China in the long run is an open question. U.S. policy toward China needs to be constantly attended to at the highest level of the U.S. government. Acceding to China's every wish is not a substitute for sound policy.

JAY T. LOO. Lansdale, Pennsylvania.

McCarthyism Revisited

Regarding "McCorthyism Revised? No It Wosn't About Soviet Spics" by William Pfaff (Opinion. Oct. 29): I wish to commend Mr. Pfaff for a

thoughtful, compelling and accurate critique of McCarthy and McCarthyism. In particular, the importance is emphasized of the role played in the United States by anti-Communist liberals in combating communism in the late '40s. Eleanor Roosevell, Hubert Humphrey, Walter Reuther and Presideot Truman were the real heroes in this struggle. Similarly, at about the same time in France, the successful combat against the more dangerous French Communist Party was led by the Socialists Léon Blum and Jules Moch. Many of those fighting communism were Jewish, and one can legitimately date the beginning of the Cold War to Stalin's murder, before World War II ended, of Henryk Erlich and Victor Alter, Polish Jewish

Socialists and trade union leaders. On the reverse side of the coin, credit must be given to conservatives in recognizing early the mortal threat of Nazism and combating it — Churchill in Britain, Louis Barthou and Paul Reynaud in France, and Henry Stimsoo in the United States.

PAUL M. BEIGELMAN.

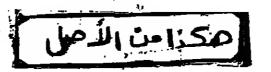
It is undeoiable that the Soviet Union did carry out atomic espionage in the United States during World War II. But vital information on the construction of the first atomic bomb was actually transmitted to the Soviet Union not by the Rosenbergs but by a hrilliant young physicist. Thendore Hall, who was never arrested. As for the Rosenbergs, their execution was plainly an act of the Cold War and its accompanying witch hunt. SCHOFIELD CORYELL.

'I know it's late, but I'd like some sushi. How far do I have to go?"



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Starting on the West Coast, Asian-Americans Aim to Be an Electoral Force

By William Booth

LOS ANGELES - At a recent Beverly Hills fund-raiser here, March Fong Eu, one of the most outspoken, liberal Democratic politicians in California, told an audience of Asian-American donors that there was only one Republican she wanted to see elected: her son, Matt Fong, the Republican can-

didate for U.S. secator.

And checkbooks were opened. As 1992 was viewed as the Year of the Woman in American politics, a year that saw the election of Senator Barbara Boxcr. Democrat of California, among others, this year could be a bellwether for Asian-Americans. They are increasingly returning to politics after feeling unfairly smeared by the 1996 campaign finance scandal involving several high-profile Asian-American fund-raisers.

often been summarily dismissed by candidates as an electorate that is not really interested in politics," said Tom Hsieh, a political consultant in San Francisco. But I think those days are over."

In addition to Mr. Fong's attempt to unseat Senator Boxer, there are also. high-profile races in Oregon, where state senator John Lim, a Republican and a Korean-American, is challenging Sen-ator Ron Wyden, a Democrat, and David Wu, a Democrat and an immigrant from Taiwan, is running against Molly Bor-donaro, a Republican, for the seat of Representative Elizabeth Furse, a

Democrat who is retiring.

There are now about 2,000 elected 10 percent from 1996.

For many Asian-Americans in Cali-fornia, the largest, most diverse Amer-

outside Hawaii - eveo if he is a Republican who has taken stands against issues close to many in the Asian-American community. Mr. Fong supported recent propositions to cut benefits for illegal immigrants, bar affirmative action and end bilingual education.

But he and his mother are well known.
Mr. Fong, who is state treasurer, has been stressing his middle-of-the-road, moderate Republican positions — pro-military. pro-business, pro-flat tax, but mostly hands-off on social issues - that many Asian-Americans might respond to.

Asian-Americans are a fast-growing, There are now about 2,000 elected officials in 33 states whose heritage is Asian or a Pacific island, a jump of about and their first-generation, onlive-born candidates. But if the results of Cali-

The Asian-American community has lican state, this is the year to elect the fornia's June primary are repeated Tues-Senate's first Chinese-American from day, Mr. Fong can expect to garner strong support among both Republican and Democratic Asian-American voters.

"A lot of Chinese-Americans would like to see someone who looks like them in office," said Alan Chen, a leader of the group Vision 21, which is working to register Asian-American voters in Southern California.

Statewide exit polls commissioned by the Los Angeles Times found that in the June primary 34 percent of Asian-Americans went for Ms. Boxer, while 50 percent voted for Mr. Fong. In beavily Democratic San Francisco, a bastion of liberalism, 81 percent of Asian-Americans of Chinese beritage voted for the Democratic gubernatorial candidate, Lieutenant Governor Gray Davis - but children. In general, they split their votes then 74 percent flipped over to vote for between Republican and Democratic Mr. Fong over Ms. Boxer, according to then 74 percent flipped over to vote for exit polling.

the desire to be represented by someone who shares your culture is strong. Many Asian-Americans voted for Democrats

Such intense ethnic-bloc voting -- be among Cuban-Americans in Florida or Mexican-Americans in Texas — is increasingly a reality, as candidates of color challenge white politicians.

Both parties are searching for candidates and messages that will appeal to the growing numbers of Asian-Americans and Latinos. Latino groups are hoping to see a million voters from their communities go to the polls Tuesday, while similar efforts are under way among Asian-Americans.

At a campaign appearance in San Francisco's Chinatown last month, Ms.

"The crossover was amazing," Mr. Boxer sought to stem the flow of Asian-Hsieh said. "It often does not come American voters to Mr. Fong. But it may across in surveys, but ethnic pride and not be easy. Not only is his mother, a popular 76-year-old political presence. sumping for him and pushing the Asian-American media to support bun, but also but then crossed over for Fong. There is the Fong campaign has been running a the sense that he is one of their own. " steady stream of Bay Area advertisements in Cantonese and Mandarin.
In the last statewide election in 1996.

Asian-Americans accounted for only about 5 percent of California's voters. But they could play a crucial role in a close Senate race, in which late polls put Ms. Boxer slightly ahead. Moreover, as the Asian-American population continues to grow here and as more register to vote, the group could make up as much as 10 percent of the California electorate by 2000.

Turnout among Asian-American was expected to be about 6 percent of the total electorate Tuesday.

Iraqis Risking Attack, U.S. and U.K. Warn

LONDON — The United States and were focused on diplomacy to persuade Britain warned Iraq on Tuesday to back off Iraq to cooperate with UN weapons in-

taries, William Coheo and George minister, Joschka Fischer, called for a Robertson, said Iraq must reverse its de- "very clear diplomatic effort" to "isocision of last weekend to suspend co- late" Mr. Saddam, operation with UN inspectors searching Mrs. Albright and Mr. Fischer spoke for banned weapons or face the possible to reporters before their first meeting

but we have always made clear that all brought in Mr. Fischer's Greens party as options remain open," said the British a coalition partner.

tually give up and abandon the sanctions vasion of Kuwait are lifted, it said.

regime without requiring him to abandon The crisis mission of Mr. Cohen to this ambitions for regional supremacy rally European and Gulf allies against through weapons of terror," he added. Iraq began in London with an hour of "We must remain ready and resolute to talks with Mr. Robertson. A British Deprove him wroog.

Defector Says Iraq

Hides an Arsenal

Of Terror Weapons

LONDON- President Saddam

Hussein of Iraq has an arsenal of

chemical and biological weapons so

well hidden that even his foreign

minister is unaware of them, an

Iraqi defector was quoted Tuesday

as having said. Abbas Janabi, who was identified

as the private secretary to Mr. Saddam's son Uday for 15 years, in an

interview with The Guardian news-

paper in Londoo mocked Tariq Aziz, the deputy prime minister and

a frequeot international spokesman

where the weapons are." Mr. Janabi was quoted as saying. "He thinks they are finished. He is important

outside Iraq, but be is nothing in his

The Guardian said diplomats re-

garded Mr. Janabi, who fled Iraq in

February and who is now living in

an undisclosed place, as one of the

best-informed Iraqis to have defec-

United Nations sanctions imposed on Iraq to punish it for its invasion

"The regime can import anything it wants — luxury goods and cars — but the people are suffering," he said. "The regime distributes food and medicine to people

who are loyal, and even if they hand

out some of it more widely, that is

Mr. Janabi described Mr. Sad-

dam, whom he said he last saw in

only for propaganda reasons.

January, as tired and isolated.

Mr. Janabi, 50, minimized the

ted to the West in recent years.

of Kuwait in 1990.

"Even Tariq Aziz doesn'ı know

for the Iraqi government.

own country.

foreign ministers said Tuesday that they in an escalating confrontation with the spectors. Secretary of State Madeleine United Nations, while France urged Bagh-dad to reconsider its suspension of co-operation with UN meapons inspectors. The U.S. and British defense secredad's compliance. The German foreign dad's compliance.

since the Social Democratic Party woo "We want to find a diplomatic solution, control of the German government and

options remain open," said the British a coalition partner.

"foreign secretary, Robin Cook, reminding Parliament that British Tornado warplanes in the Gulf could be used if necessary.

"Saddam Hussein appears to be gambling that the world will grow weary of his coostant evasion and his repeated confrontation," Mr. Cook said. "He cannot and will not be allowed to win."

"His calculation is that we will eventually give up and abandon the sanctions a coalition partner.

Iraq, however, remained obdurate in Iraq, however, remained o

fense Ministry statement said after the In Washington, the U.S. and German talks that the two men had "agreed that all options remained on the table, in-

cluding the use of force if required. kept secret so as not to leave the impression that Washington was leaning in favor of U.S. military action against Iraq

over diplomacy, a Pentagon official said. Later Tuesday, Mr. Cohen arrived in Riyadh for 'high level talks with Saudi officials,' a U.S. Embassy official said. Kuwait's official press agency said Mr. Cohen was expected to arrive in the

emirate Wednesday. During a similar confrontation over inspections early this year, Mr. Cohen encountered little support among U.S. allies in the Gulf for military action, leaving the United States and Britain virtually alone in threatening air strikes.
That crisis was resolved by the UN secretary-general, Kofl Annan, who negotiated and sigoed an inspections accord

with Mr. Saddam.

A U.S. Defense Department spokesman said in Washington that the U.S. force of 21 warships and 174 aircraft oow in the Gulf was sufficient for any military action against Iraq.

France, meanwhile, said it was re-

calling its eovoy to Iraq for talks, and Foreign Minister Hubert Vedrine, io a letter to the Iraqi deputy prime minister, Tariq Aziz, said Baghdad's decision was serious and urged it "to reverse it with-

A French Foreign Ministry spokes-woman, Anne Gazeau-Secret, said Paris had informed the Iraqi authorities that it was recalling the head of its interests section in Bagbdad, Yves Aubin de la Messuziere, for consultations.

Russia said Tuesday that it was opposed to the use of force. "We believe the international community has a sufficient stock of political and diplomatic means to achieve a peaceful solution." a Foreign Ministry spokesman said. China also urged Iraq to back down and shared Russia's concern over escalation.
In New York, the UN Security Council

began discussions Tuesday on a resolution expected to condemn Iraq but not to call for military action. (Reuters. AFP)



Senator Alfonse D'Amato, Republican of New York, leaving a voting booth in Island Park on Tuesday with his grandchildren. for two years."

ELECTIONS: Turnout Is Key to U.S. Vote

Continued from Page 1

to the Republicans' 228 seats in the House, and an addition of two to four seats in the Senate, where Republicans have a 55-to-45 edge.

Republicans have a 55-to-45 edge.

Opinion surveys showed Democrats making slight gains in the final days of the campaign. But the better-financed Republicans mounted extensive advertising campaigns in many markets.

Mr. Clinton watched vote returns Tuesday from the White House. On election eve, be proclaimed himself "both confident and apprehensive."

Newt Gingrich, the House speaker, expressed no apprehensions. "There's no intrigue," be said. "We're going to win an election today." While the Republican's own re-election seemed certain, the political game of expectations meant that tepid gains by his party could weaken his influence in the House, though his speakership did not appear at risk.

Unless the outgoing Congress resolves the im-peachment matter this year, the Congress elected Tuesday will decide Mr. Clinton's fate. Regardless, the election result will be viewed as a signal from voters on what they want done about the president.

Analysts said Republican gains of 15 or more seats in the House and five in the Senate would embolden members of the Judiciary Committee to move ahead more aggressively with the impeach-

move anead more aggressively with the impeachment bearings that are to open this month. With smaller gains, Republicans might agree to a negotiated agreement to censure the president and drop impeachment plans.

"In some ways," said Mark Rom, acting director of the Public Policy Institute at Georgetown University, "the Republican dream is to not win very big. A big win would mean they would have to push harder on impeachment. But in some ways push harder on impeachment. But in some ways they would be happier letting Clinton struggle an

percent by the middle of next year.

On Tuesday, central banks in Spain

curities repurchase rates by one-quarter

point, to 3.50 percent and 3.75 percent,

respectively. Sweden, which is not par-

ticipating in the euro, cut its rate by o

quarter point, to 3.85 percent: The

moves were expected to focus attention

on Italy and Ireland, which have the

bighest rates in the euro club at 4 percent

countries adopting the euro to converge

by the end of the year at 3.30 percent, the

level prevailing in Germany and France.

Analysis were predicting a quarter-point cut, to 7 percent, from the Bank of England when its Monetary Policy Com-

mittee meets on Thursday. The central

bank has been under strong pressure to ease because of the weakness of much of

Britain's manufacturing industry, which has been burt by the country's relatively

high interest rates and a strong pound.

Continued from Page 1

Mr. Arafat, before flying to Spain for a brief visit, accused Mr. Netanyahu of "wasting time," but appeared unruffled by the Israeli delay.

The more serious question for Mr. Arafat, say analysts, is how to disable Hamas's infrastructure and capability

without provoking a backlash.
This week and last, Mr. Arafat has ordered the detention of 250 to 450

Hamas activists. More daringly, he

placed under house arrest Sheikh

Ahmed Yassin, the group's founder and spiritual father, disarmed his body-guards, seized his files and cut off his

The response came Sunday when, for the first time, some faction or individu-

als in the armed wing of Hamas - it is

still not clear who - threatened to re-

taliate against Mr. Arafat's forces for

what they called the Palestinian leader's

ficial commitment to maintain Pales-

unian national unity, but no one in Gaza

corner, can become a tiger, said Ismail Abu Shanab, a ranking Hamas civilian

A small cat, if you push her into a

phone lines.

betrayal."

leader.

doubts its authenticity.

Most analysts expect rates in the 11

and 5.75 percent, respectively.

Iran Leader **Bars Thaw** In U.S. Ties

TEHRAN — Iran's supreme leader, Ayatollah Sayed Ali Khamenei, on Tnesday ruled out any possibility of a normalization of relations with the United States.

The government also announced that it was recalling its ambassador from the Czech Repoblic over the launch of broadcasts in Persian by the Prague-based Radio Free Enrope/Radio Liberty.

Tehran has decided "to downgrade its political and economic re-

lations with the Czech Republic to protest against the launch' Friday of the U.S.-funded broadcasts, the Foreign Ministry spokesman, Mahmud Mohammadi, told Iranian radio and television.
"Iran has recalled its ambassador

from Prague and no new economic contract will be signed with the Czech Republic," Mr. Mohammadi

The severing of relations be-tween Iran and the United States has been to the 100 percent benefit of the Iranian people," Ayatollah Khamenei said in a speech marking the 19th anniversary of the bostage-taking at the U.S. Embassy here.

Washington only "wants to re-cover the position they had in Iran thousands of students gathered on the eve of the Nov. 4 anniversary.

"Our importance around the world and io the eyes of other peoples is based on our standing up to the United States." Ayatollah Khamenei said.

He criticized "foreign media and certain circles" within Iran who 'seek to insionate that a resumption of relations with Washingtoo can solve the economic problems Iran is

"Iran does not need the United States to overcome its economic crisis," the Iranian leader said.

The "rehabilitation and reform" necessary to tackle Iran's economic problems "requires the will and determination of the Iranian people and not relations with the United

Alongside the Persian-language service, a U.S.-funded Radio Free Iraq also started broadcasting oo Friday. Baghdad, too, warned Prague that the broadcasts could damage relations.

RATES: Britain Moves to Stimulate Economy as Others Ease Credit by three countries increased speculation. Central Bank would cut rates to 2.5

Continued from Page 1

global economy. "It's reasonably sensible," said Richard Jeffrey, chief economist at Charterhouse Tilney Securi-

across Europe in recent months. The to refrain from any cuts for the rest of this new finance minister of Germany, Oskar year, if only to show that it would not bow Lafontaine, has effectively rejected the to political pressure,

about a possible broader cut in European rates on a day when there was a meeting of governors of the European Central Bank, and Portugal cut their benchmark sewhich next year will take over management of monetary policy for countries Mr. Brown's budget statement fol-lowed a shift by economic policymakers analysts said the Bundesbank was likely

Lafontaine, has effectively rejected the previous government's policy of sustained deficit reduction and signaled his desire to stimulate growth. French and Italian officials bave echoed that view.

"Brown will be comforted by noises coming from the Continent." said Mark Cliffe an economist at ING Barines.

"Brown inflation is almost nonexistent."

year, i only to show that it would not bow to political pressure.

"The ECB is virtually obliged to related to the comments," Mr. Cliffe said.

But the prospect for a broad rate cut early in 1999 is good, analysts said, because the global slowdown has trimmed growth prospects at a time when inflation is almost nonexistent. Cliffe, an economist at ING Barings.

The interest-rate reductions Tuesday Mr. Cliffe predicted that the European

GUCCI: Ex-Wife Found Guilty in Murder

Continued from Page 1

dola, said, "I guess the jurors were not susceptible to our arguments." Prosecutors had sought a life sentence, the most severe form of ounishment in Italy. Seeking a silver lining, he said, "Evidently, jurors had some doubts because they didn't give her a life sentence."

arrest pending an appeal.

Mrs. Reggiani's friends were stunned by the 29-year-sentence. "I think that is an extremely beavy sentence considering that child mur-derers get even less." said Jennifer Gucci, former wife of Paolo Gucci, a

have thought they would take her brain injury into consideration. giani made her final plea of innocence. brain tumor operation in 1992.

saying she was a victim of her astrologer's greed. "Never let even a friendly fox into the chicken coop," she told the jurors, referring to Mrs. Auriemma. ARAFAT: Risky Strategy Against Hamas Sooner or later it could get bungry."

When married to Mr. Gucci, Mrs. Reg-

giani was one of the more extravagant members of the Italian jet set, knowo locally as "Liz Taylor" for her violet Mrs. Reggiani is scheduled in remain in prison, but her lawyers say they will ask that she be placed under house said. "I would rather weep in a Rolls Royce than be happy on a bicycle. "

Mrs. Reggiani continued to be outspoken eveo after her husband was shot outside his Milan office in 1995, telling friends and even reporters that she bad wanted him dead. After she was arrested in 1997, Italian newspapers quickly dubbed her the Black Widow.

cousin of the murder victim. "I would we thought they would take her brain hur threats were the ramblings of a mentally disturbed woman. She underwent a

STORM: Thousands Remain Cut Off From Food and Water as Region Tries to Recover

Continued from Page 1

Casita volcano broke through its earthen rim and sent a tide of water and mud rushing down its side, sweeping away and burying the town of Posoltega and two other small communities. Officials said about 610 people had been confirmed dead in the incident, but that many more villagers were missiog and might be interred in the massive mud

In Honduras, about 600,000 people -about 10 percent of the population -are thought to have lost their homes. Entire neighborhoods in the Honduran capital. banks and inundated many parts of the they can hold out until we can evacuate city, burying houses, cars and people in them.

On Monday night, the Honduran presinternational aid, while top military of-

Mario Hung Pacheco, the Honduran Army chief of staff, said. There were reports from the northern

in trees, the officials said. "The demand

town of El Progreso of desperate parents tying small children to the limbs of tall trees to protect them from drowning. rescue in the southeastern region of trapped by floodwaters in the city of San Pedro Sula, the authorities said.

"We can't cope with the huge de-The hurricane designated Mitch, one of the most powerful storms to hit the

idem, Carlos Flores Facusse, pleaded for Caribbean in modern times, reached its peak last week, generating winds of at ficials in the capital said that they lacked least 180 miles (290 kilometers) per the equipment to rescue people in remote hour. It ranked as a Category 5 maelregions. Many families have been wait- strom on the Saffir Simpson scale, and is Post reported: ing for days, sitting without food or considered the fourth most powerful water on top of their homes or perching storm of the century.

But while it menaced Central America of the 4.610-foor Casita volcano, about is so great and the equipment we have is so little that we feel impotent." General eye of the storm never hit the mainland. the capital. Instead, it hovered over the Caribbean and the Gulf of Hondaras for days, while a powerful cold from over the Gulf of Mexico slow its progress to a crawl.

Stalled for six days, the storm dumped as much as two feet 160 centimeters) of More than 5,000 people were waiting for rain a day on the countries of the region. flooding not only coastal and moun-Choluteca, while at least 2,000 were tainous regions, but also inundating towns and cities on rivers.

In Honduras, officials characterized the storm as the worst natural disaster to mand for rescue," a navy lieutenant told strike in recent history. Over the last few of decaying corpses and body parts pro-Tegucigalpa, were washed away Friday Reuters. "We are trying to give food to days, floods and landslides have de-truding from huge fields of mud. With when the Choluteca River broke over its those who are the most isolated, hoping stroyed more than two-thirds of the naroads washed out. Vice President Ention's crops, knocking out scores of rique Bolanos said, rescuers had to rely bridges and blocking nearly every major on helicopters, but poor weather and road. Floods devastated crops in the Sula Valley in the northeast, raising the possibility of food shortages next year.

> ■ Nicaragua Search Effort Serge F. Kovaleski of The Washington

In Nicaragua, the search continued for survivors of the mud slide on the slopes missing.

When the take burst through the vol-cano cone, it created a wall of mud, The warning, faxed to a news agency in Jerusalem, breaks with Hamas's of-

boulders and trees - more than 3 kilometers wide in some places — that washed away and buried everything in its path, including three towns with several thousand residents.

Because of downed bridges and washed-out roads, army rescue teams were unable to reach the area until Suoday, two days after the disaster.

If Mr. Arafat continues his crackdown on terror, he suggested, armed radicals in Witnesses described horrific scenes Harnas may disavow the civilian leadership's hands-off policy toward Mr. Arafat's forces. "The more pressure you put on people, the less they may be under control," he said. In pressing his campaign against Hamas, Mr. Arafat also risks alienating a visibility have delayed operations.

An area of nearly 80 square kilo-

meters along the slopes and at the base of the volcano was buried in mud and debris, Mr. Bolanos said. The death toll in El Salvador also rose on Tuesday to 222 dead.

There were still at least 100 people

broader constituency sympathetic to Mr. Yassin. Hamas and their message of Islamic renewal. While Mr. Arafat has been tainted by the pervasive mismanagement and corruption of his Palestinian Authority, Mr. Yassin - wheelchair-bound, ailing and articulate — is relatively untainted.

Ramzi Daour, 48, who drives a taxi in Gaza, was troubled by Mr. Yassin's house arrest. Mr. Yassin, he said, is "serving the interests of Islam," while Mr. Arafat, in cracking down on Haras, is doing Mr. Netanyahu's bidding.

Over lunch in his office on Tuesday,

at the head of a long table adorned with seafood platters and lined with his inner circle of aides and advisors, Mr. Arafat shrugged off the danger from Hamas.

and from Mr. Yassin.
"We know how to deal with him," he said calmly, speaking of the 62-year-old cleric who has been silenced by his house arrest since Thursday. On Tuesday, a dozen of Mr. Arafat's police and plainclothesmen, staked ont on the approaches to Mr. Yassin's house, blocked all visitors.

A top Palestinian security official echoed Mr. Arafat's determination to cripple Hamas. "I can't say I've arrested 100 so then I'll stop," Rashid Abu Sbbak, deputy chief of the Mr. Arafat's preventive security force, said in an in-

Interrogation will determine who will be released, who will stay in prison and who else will be arrested."

Mr. Shbak said the threats from Hamas's armed wing are inspired by hard-line Islamic opponents of Mr. Ara-fat in the Middle East, particularly in

iran and Lebanon. The Palestinian police chief, Ghazi Jabali, also blamed an Iranian-backed wing of Hamas for a suicide bomb attack that narrowly missed a pair of Israeli-school buses in the Gaza Strip last

Hamas in order to sabotage any achievement by the Palestinian people." Mr. Jabali told Reuters in an interview. He added that Palestinian security forces had information from Iran that the supreme leader, Ayatollah Sayed Ali Khamenei, had provided n wing in Hamas with funding to carry out armed attacks in a bid to undermine the peace process.

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sponsible for most of these the United States, the Part- officient electric processes, al rail authority), Total and emissions, but as developing nership for a New Gener- In the French transport seccountries grow (the current ation of Vehicles (PNGV) is tor, electricity already plays a world population of 5.9 bil- a cooperative effort of the major role in passenger and lion is expected to reach 7.9 federal government, the three freight trains, subways, trolbillion by 2020, with most of major U.S. carmakers. the growth occurring in de- Chrysler, Ford and General ing to the World Energy PNGV supports research on Council), their share of the the development of affordable, attractive car with three and the City of Paris has just roblem will grow, too. able, amactive cal with the first state of introduced electric garbage center for the promotion and pan are also backing up these ticality in the working envirthenments the new furnace, combustion dry sludge, cutting its

gloomy picture of the trans- the French national electric Along with the RATP EDF is port sector. "In all parts of utility, says. "The first solu- planning to pool orders for Europe," it says, "public tion that comes to mind is, of electric buses for French and transport is losing our to course, to encourage public private transport, and there is transportation, but more gena considerable political mo- etally, we must encourage tender to European vehicle mentum to extend road and the uses of electricity, which manufacturers. The comnot only contributes to en- pany also supports the de-

free energy source.

leys and trams. EDF and the RATP, the Paris municipal transport authority, are testing electric buses in Paris's rent electric cars in Lyon. hilly Montmartre quarter. collection trucks.

Electric scooters ticipate in an invitation to

quarter of the world's that is no longer scorned as polluting for the immediate scooters and bicycles and is electric car-rental agency, practical four-passenger elecvehicles in companies. It participated in the development able for rental at the Mont- cities.

> the SNCF, the French nation-CNPA (Centre National des Producteurs Automobiles) for the installation of recharging stations for electric cars. and EDF and Budget also In Paris, the Electric Ve- tor.

savings of between 15 per-

ADEME are conducting en-

efits of ESV.

ergy audits of companies and

cent and 30 percent. EDF and creases.

demonstration of electric ve- efforts. Kansai Electric Power onment. ●

tric car. Called the Charade

en-Yvelines, a Paris suburb. Social EV, it runs on nickel with an induction recharging metal hydride baneries de-In Japan, carmakers have Social EV, drastic improvemade intensive efforts to de- ments have been made in the velop viable energy-efficient maximum mileage, accelervehicles and are already ation performance, maximum utility, has participated in the bringing them to market, speed and the reliability of the development of these and Toyota has introduced its hy- residual battery charge meter, many other clean new indusbrid (gasoline-electric) Prius and the interior has been trial technologies that can process. in Japan and will marker it in made more spacious as well." Europe and North America Kansai also encourages the Another example is the elecin 2000, while Honda's In- use of electric vehicles within Most parking lots in Lyon are telligent Motor Assist driv- the company, mostly at sales allows aluminum to be realready equipped with them, eline uses electricity from a offices located in urban cencapacitator to increase the ters. Tokyo Electric Power process without using the adpower of the gas-driven mo- Co. also promotes the use of ded salts that produced Electric companies in Ja- and is evaluating their prac- tional rotary furnaces. With

electricity to industrial uses conducted on the ways of into save energy and prevent creasing the efficiency of heat In the auto industry, ulpollution. Since it is more storage systems. One result of trafiltration is being used by energy-officient to generate this research is an ice-storage utility vehicle manufacture Sovab (of the Renault group) to continuously degrease the recovered. estimates that the amount of brid engines and are having one of the most aggressive electric scooter, and electric Similar outfits will soon be Motor Co.. Toshiba and Japan degradability and color reestablished in other French Storage Battery Co. Says moval level of the effluents treatments of mechanical cities.

Kansai, "With the Charade and reducing the amount of parts. Electrocoagulation re-

water needed.

many new technologies that are reducing the amount

Together with the Piller company, EDF developed a one-piece blower for Renault's STA (Société des Transmissions ter and degreasing products manques) that uses the energy-saving technology of evapo-concentration by mechanical vapor compression. The volume of liquid efflumost of the distillates can be recycled after treatment.

coagulation is being used by CBC, a French electroplating (EDF), the French electric matter and improves biode-

the aeronautic industry, treats effluents with vacuum evaporators equipped with a released into nature. Kerpany, uses a heat pump to

the new furnace to treat 5,000 solvents used and enables the tons of aluminum per year. recycling of 80 percent of

ral Force ELECTRICITY PARTNERS AND CLIMATE CHANGE: THE BUENOS AIRES DEBATE

NEW OPPORTUNITIES FOUND IN INDUSTRY

New technologies that make use of electricity also mean new business and investment opportunities.

for granted in our Business Perspective." The lives, for every-report continues: "The savthing from providing light ings may come from lower and heat to running our comproduction and waste-manputers and televisions, but there are many other ways that electricity can be used in of potential environmental liindustry to improve the qual-abilities." ity of life by reducing energy consumption and polluting emissions.
Since electricity is more

sources, less energy is wasted when it is applied to industrial processes. When the processes. When the application of new technical processes is some emisefficient than other energy sion-free sources such as nu-nologies as equipment and clear, hydroelectric, wind or infrastructure are renewed. solar power, a contribution is also being made to a cleaner

clear power generation, total and that motors consume 70 pumps. carbon-dioxide emissions percent of the industrial elec-To keep CO2 emissions for example, increased prodown, TEPCO and Kansai ductivity by 15 percent, in-Electric Power Co., also of creased energy efficiency by Japan, strive for an optimal 30 percent, reduced scrap by generating mix. TEPCO estimates that 33.4 million tons \$77,000 per year savings - a of carbon equivalent emissions were avoided in 1997 proving the efficiency of through the use of the op- their motors."

timal generating mix of nu-clear power, LNG-fired More for less

thermal power and hydro- At Electricité de France and chemical industries but cooking of foods. The traelectric power, in fiscal year. (EDF), the French national 1997, nuclear accounted for electric utility, a concentrated creative applications — in or ovens used in industry are 43 percent of the electricity effort is being made to find coergy produced by TEPCO, new, energy-saving ways to Electricity has tradition— ovens similar to the mi-LNG-fired power stations for use electricity in industry, ally been used in industry for crowave ovens used in 31 percent and hydroelectric According to EDF, "Man- all types of motors; lighting homes. Some new ovens, for 7 percent of the electricity ufacturers have understood (usually lower-consumption used especially in the making produced and purchased. the advantages that come fluorescent lamps), electroTEPCO and Kansti liave from saving energy. To make lysis for the making of aluproduct also but mix the raw also been working to im- aton of laminated steel today, minum, chlorine and soda; materials and form and cut of 30 percent less electricity is cooling, with heat pumps, thermal power, leading to required than 15 years ago. mostly in agribusiness: heat-

emissions. Efficiency has cent." been greatly increased, to 49 The electric intensity repercent, through the use of quired for certain processes New functions at LNG-fired thermal power making industries, and by formerly fulfilled by fossil bined cycle technology is exizers. Electricity can be used es. Many of these new techpected to lead to thermal efin industry for ultraviolet finniques have been developed to a few weeks with the use of
ishing treatments, heating by manufacturers offer. A penny saved and induction heating. The universities and research inthe use of electricity in inchemical company Ciba, for stitutes.

Agrib dustrial applications can also example, was able to reduce

rectly cut the cost of doing business," says the World ing the environment from dustry, for example, a major Business Council for Sus- harmful emissions, EDF consumer of electricity, cold- industry initiatives

agement costs or may take the form of avoiding the cost

A 1997 report issued by the French government, entitled "The Greenhouse Effect and the French Industrial

The U.S. White House "Fact Sheet on Potential In- ufacture person for Tokyo Electric points out that the industrial electric procedures like rePower Co. (TEPCO) of Jasector produces around oneverse osmosis, mechanical "The Greenville Tube Co., 15 percent and achieved



nearly 30 percent of the elecmotors consume 70 percent of the electricity purchased from EDF by industry. Ac- electroplating, enameling or cording to EDF, "Electricity plastification, which require has the essential advantages of being clean, reliable and flexible. It is no longer being used only by the 'traditional' iron and steel, metallurgical

pure air, and so on.

and drying with microwaves, cooperation with builders, equipped with electric heat

When it comes to protect- the plastics processing in- centrate liquids.

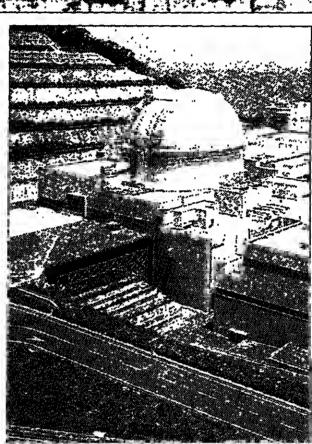
products using nonpolluting annual productivity by 10 percent. The automobile industry is using induction pan points out, without nu- third of total U.S. emissions vapor compression and heat heaters to raise temperatures of parts to 1,250° C, reducing In France, some 800,000 scrap from 20 percent to 5 would be about 10 percent tricity used. The report says: manufacturers consume percent thanks to the precision of the process. Resistricity produced. Electric tance, the most commonly used technique, is used to heat liquids for painting.

> constant, precise tempera-Précise temperatures are also required for firing major consumers like the ceramics, paint and vamish, as well as for the industrial also - thanks to its many ditional resistance or induct-

Electricity also plays a role fuel-cost savings as well as For a ton of paper, there is a ing and air-conditioning; in drying, an important prothe conservation of resources savings of 30 percent, and for running computers; the cre- cess in industries that use a and the reduction of CO, cement-making. 15 per- ation of "clean rooms" with great deal of water. Varnished and painted products, paper, textiles and pottery must be thoroughly dried beadvanced combined cycle has been reduced by half in Today, electricity is taking fore undergoing further treatpower generation technology the aluminum and paper- over some of the functions ments. Wood for furniture must also be dried, but stations. The impending use three-quarters for the making fuels and making use of in-of the most advanced com- of phosphate-based fertil- novative industrial process- has been speeded up from

Agribusiness and the A variety of techniques are chemical industry need sensave money. "Reducing the its energy consumption by used for heating and cooling aration systems for liquids amount of material and en- using ultraviolet light to dry in all types of industries, in- and most often use evapoergy used to make or supply paints instead of convention-goods and services can di- al heat ovens. cluding direct conduction. ration along with mechanical induction and heat pumps. In vapor compression to con-

tainable Development in its says: "This advantage is air blowers are used to lower With ADEME (Agence de electricity with a constant air-conditioning report "Sustainable Produc- already present in the man- the temperature of machine l'Environnement de la output rather than stop and called "Eco-lee."



Technological advances in nuclear and thermal power plants (above left and right, respectively), such as these in Japan, have created cleaner sources of energy - to the benefit of people enjoying the great outdoors.

Maîtrise de l'Energie, the start according to demand.

providing information to ciency electric power utiliz-

In Japan, Kansai and be used in various industrial

TEPCO are also applying areas and research is being

time, when demand in-

also developing high-effi-

officient heat pumps that can

Kansai and TEPCO are

More Efficient

APPLICATIONS

ndustrial applications of pilot project and was one of electricity not only save the project coordinators. L energy, but also help to make the world a cleaner

French environment and en- both companies are conductfluents and other wastes back centration and drying prointo the manufacturing pro- cesses. The pumps make it ergy management agency), ing research on the sodiumcess, to integrate them into the possible to lower the boiling EDF is promoting the de-sulfur banery and the Redox velopment of Electronic Flow battery, which can store fabrication of other products point of solvents, thereby Speed Variation (ESV), excess energy during the or, failing that, to compact saving energy and improving which can result in energy night for use during the daythem so that they are easily transportable to specialized treatment centers. These technologies can also contribute

to savings on raw materials. An example is the must manufacturers on the ben- ation equipment such as more from yeast fermentation vats. which is compacted and crystallized by an evaporator with mechanical vapor compression and used in caple feed.

> preliminary degreasing baths for galvanized sheet metal, reducing the quantity of waneeded because the baths do not have to be changed. Electrolysis, used in the rinsing bath of treated parts, provides The French textile printer SIH uses a microfiltration membrane technique to trap pigments, improving the bio- company that specializes in

Electricité de France

also result in energy savings. tric arc rotary furnace, which covered from the smelting electric cars by its sales office highly toxic waste in tradi- birio, a galvanizing comflue gases no longer need to volume in half. be treated and residues can be recycled. The technology has cers of active ingredients for been tested on the Droscar pharmaccutical industry, inprototype developed by Hy- stalled a regeneration unit in dro-Quebec, and Soyer Af- 1997 with the help of EDF finage in the Brittany region and the local water authority. of France has decided to use It reduces the amount of

At the Astra pharmaceutical factory in Dunkerque. France, EDF has installed va-The idea is to recycle ef- cuum pumps used in conproduct quality.

Electricity is the driving power behind and toxicity of industrial pollution

A process called clectro-

clectrolytic and chemical duces pollution by 99 percent for metals and suspended gradability by 70 percent. The residual water can be recycled in the production STEG, a French specialist

in electrolytic treatments for heat nump. No liquids are Girex and Mazal, produ-

EDF took part in tests on the solvents. •

CLEAN ENERGY: THE CHANGING FACE OF TRANSPORT

Electricity offers one hope vironmental protection on a velopment of individual hicles. In 1997, Praxitèle, the Co. has been involved since increased efficiency and al- ents is reduced 30-fold, and he transport sector accounts for around a for cleaner transport, and one global level, but is also non- electric vehicles such as cars, world's first self-service 1993 in the development of a lows polluting metals to be

carbon dioxide emissions, impractical or too costly, environment, producing no promoting the use of electric and in spite of efforts to re- Many car manufacturers are dust or exhaust gases at the duce these emissions in many countries, the OECD velopment of electric or hy- urban areas, where noise is of Peugeot's award-winning system developed by EDF. veloped jointly with Daihatsu CO emitted by vehicles will with them.

One of the most aggressive electric scooter, and electric scooters will soon be available and are naving one of the most aggressive electric scooter, and electric scooters will soon be available. 1990 to between 3.5 billion and 5.1 billion tons in 2020 Public-sector support unless further action is taken.

prove une enficiency

veloping countries, accordproblem will grow, too.

hent Agency's June 1998 as today's autos. sessment of the state of the environment paints à rather Repon, Electricité de France, traffic infrastructure."

Increasingly, electric power is proving a viable alternative to fossil fuels. Both public and private transportation are being transformed. working seriously on the de- point of use. Moreover, in

ies and other industries are and industrial electricity con-The developed world is re- cooperating in the effort. In sumers to develop energy-Motors, and their suppliers.

In its 1997 Environment

EDF is working with Governments, electric utilit- equipment manufacturers

Partnerships have been set up with several cities and

Sceta Parc (a subsidiary of

hicle Club runs a national

was set up in Saint-Quennn-

"ELECTRICITY PARTNERS AND CLIMATE CHANGE: THE BUENOS AIRES DEBATE" was produced in its entirety by the Advertising Department of the International Herald Tribune. It was sponsored by Electricité de France, Kansai Electric Power Co., Inc., and Tokyo Electric Power Co., Inc. WRITER: Heidi Ellison in Paris. PROGRAM DIRECTOR: Bill Mander.

STONAL MAN

A Very Glossy 'Classy Affair'

By Sheridan Morley

ONDON --- While critical eyes have been understandably focused across the water on the resurgence of Irish drama these last three years, right here in Londoo we have a playwriting revolution no less remarkable. Not since 1956 have we had so definable a local movement, and even that one was a lot less socially and

geographically cohereot.
This time, with Jez Butterworth
("Mojo"), Patrick Marber
("Dealer's Choice" and 'Closer'') and now Nick Grosso ("Real Classy Affair" at the Royal Court Upstairs at the Ambassadors), we have a genuinely thrilling new grouping of street-smart, staccato dramatists engaged in a kind of Sobo Chic com-

plete with Soho Chicks. True, Grosso's script seems at times to be not so much well written as well remembered from earlier revolutionary British playwrights, but at least he borrows from the best. From Osbome's "Look Back in Anger" we now get the Woman Who Irons, though here sbe does so much of it that eventually the stage is almost entirely filled with laundry, as though she was running some kind of manic amalgam of a therapy clinic and neighborhood dry-cleaning establishment, by the look of it the only

one in town. Then, courtesy of Harold Pinter, we have the four blokes at the bar in a menacing, half-finished series of oblique dialogues that are mainly notable for what doesn't quite get said. Grosso and his director, James Macdonald, have discovered the crucial importance of style; even the scene changing is as carefully choreographed as a Jerome Robbins ballet, and there's a bird's-eye view for the audience of a revolving stage, exactly as

get four men behaving badly in a series of verbal brawls.

But Grosso is also exciting in his own right and write; to all the well-tried formulas of earlier stylists he brings something new, a flashy, urban-despairing seose of people, frantically juggling their lives and careers without any visible means of support. His characters are rightrope walkers on a high wire of life and leisure, denied most of the usual props. Now you see them, now you don't, as they collide like human bump-

er cars into each other's amazing egos.

These are guys who are going nowhere very fast, and the only woman in the cast (a haunling Liza Walker) is the only one who can confront their various failures and offer some kind of an admittedly selfish solution.
"Real Classy Affair" is as

glossy as the shiny suits of its male contenders and will for that reason almost certainly bave a long afterlife in the West Eod and then I would guess on film or maybe even as the pilot for a television series of unusual distinction. More successfully than almost all his rivals in the theater, Grosso manages to write the kind of dialogue you expect to hear in a contemporary British movie. He tells us more than we need to know about the vicious survivors of the '90s. and his style is that of a latter-day Oscar Wilde on speed.

Real Classy Affair" may oot be a great play and like much contemporary writing, it tends to vanish up its own blind alleys. In that sense it is highly journalistic and benefits tremendously from the playing of Callum Dixon and Joseph Fiennes in a powerful cast of contenders. Quite what they are in contention for is never satisfactorily explained; some kind of brutal victory over each other, certainly, and a way of kicking over all traces of former street life while inventing one of their own, more in Marber's "Dealer's Choice," only this time instead of a poker game, we just behind their beloved public house.

In ooe sense they are all losers, sexually and socially, and yet Grosso invests them with such charisma, so strong an urge to show off if only to each other, so desperate a sense of failure, and such ferocious self-absorption that they acquire tremendous energy even in their most uneveotful moments around the har. A current of sheer theatrical elecricity runs all through "Real Classy Affair." and the shock is in the style, raw and rapid and lethal in its energy. This is undoobtedly the most promising

play of the year.

The title character of "Saving Charlotte," at the Bridewell, is Charlotte Salomon, whose paintings are now coincidentally on view at the Royal Academy, and she wasn't saved at all except on canvas. Rather, she was murdered by the Nazis on her first day at Auschwitz in 1943, when she was harely 26. From that brief and tragic life, Judi

Herman has carved a strange little collage of a play, in which Charlone's daughter (also murdered at Auschwitz) comes back from the dead to recall ber mother's truly bizarre and understand-ably reclusive childhood.

In one way or another, Charlone was The whole of that family seems to have bad a death wish, mostly attempting suicide even before Hitler gave them reason to, and it is indeed arguable that Charlotte's refusal to go into any kind of real hiding from the Germans was yet another form of death wish.

'Saving Charlotte' is kaleidoscopic and inconclusive, with four actors play-ing out brief scenes from Charlotte's early life, though you might well learn rather more about her from the catalogue accompanying ber exhibition. But Kerry Shale is in fine, menacing form as the father and Annoushka Le Gallois, a talent new to me, plays Charlotte halfway between Anne Frank and Sally



constantly being abused by ber own Kim Gordon of Sonic Youth is one who wants to prove that the rock lifestyle is not bad for children, or vice versa, family long before the Nazis got to ber.

Rock's New Phenomenon: Family

By Ann Powers New York Times Service

FW YORK — "I am a child," sang Neil Young in 1968. "I'll last awhile." It was the flash point of a rockand-roll-fueled youth explosion, and fans identified more with Young's naive protagonist than with the father figure making rules in the ballad's last verse.

"I Am a Child" magnified rock's romanticization of childhood — and of adolescence, which to most rockers means childhood plus sex. The song traced a legacy of teenage rebels and

sweet little 16-year-olds to its origins in an emotional Never-Never Land.

In 1998, though, rock and its sibling genre, bip-hop, seem headed for a different future. On the MTV Music Video Awards, the rapper and actor Will Smith accepted his awards accompanied by his 5-year-old son, Justin; Smith's current single. "Just the Two of Us." is an single, "Just the Two of Us," is an ebullient ode to the boy. Billie Joe, of the punk band Green Day, focused his awards speech on his wife, at bome awarding the birth of their second child.

Performers included two cutting-edge mother figures: Courtney Love of Hole and the evening's big winner, Madonna. whose latest album, "Ray of Light La Scala audience did for describes her spiritual awakening after Maria . Callas's legendary the birth of her daughter. Rock-and-roll, 1955 performances under Le- the cultural home of perpetual adolescence, was clearly engaging the ultimate

provided fruitful subject matter for musicians in other genres like country and details, but his "Figaro" the folk, which attract listeners of all ages next night was all of a piece and gain power from a different set of but, Gergiev pointed out in an and at one with the singers at myths, including an often sentimental view of family life. When classic rockers have addressed their own children in song, they often invoke these other styles, tapping their melodrama and effectively sidestepping the conflict be-

> rock-and-roll rebelliousness. As rock-and-roll becomes a lifelong pursuit for many, the debauched dream of sex, drugs and general abandon is giving way in a new set of ambitions. Young rockers have seen Mick Jagger become a grandfather and Boh Dylan share the pop charts with his hit-making son, Jakob, and they are starting to question the illusion that the rock life style could or

Rockers are eager in learn bow to grow up without abandoning shared values like spontancity and self-determination. Being a parent is a great metaphor for that attempt, and it is also a condition that

many feel should no longer be hidden. The attempt to infuse parenthood with rock-and-roll attitude extends from the mainstream to the underground. Once, female artists usually retired or at least took time off when pregnant, but the trend today is to pick up some groovy materniry gear and keep going, as Posh and Scary Spice are doing and Erykah Badu did. And once the kids are born, they are not always banished to nanny.

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Alternative-rock fans can sometimes spot 4-year-old Coco Gordon Moore, daughter of Thurston Moore and Kim Gordon of Sonic Youth, wearing buge protective headphones while watching a concert in ber mother's arms. Artists like Gordon treat maternity as a normal part of life - a daring concept in a field where, not long ago, female sexuality was designated as either fantasy material or a means of entrapment.

To the world in general, staying childless is still the real act of rebellion, especially for women. But within a rock-and-roll culture struggling to maintain its youthful ideals beyond an overspent adolescence, artists venturing into public parenthood break a different set of constraints, "Unsure of what the balance held, I touched my belly over-whelmed," sings Lauryn Hill on "To Zion," a song dedicated to ber newborn son, from ber buge-selling debut album,
"The Miseducation of Lauryn Hill."

The pioneers who stood in isolation before are now models.

Hill (who is expecting again) has been called self-righteous in her advocacy of old-fashioned mama power. But her songs tackle the doubts that come with parenthood, as well as the revelations.

Rockers rarely wrote about such matters, perhaps because they contradicted the free and easy individualism of the rock myth. Usually, when an artist turns to domestic subjects, as Bruce Springsteen did, for example, with the album "Lucky Town," it has signaled a step away from his rock-and-roll virility.

In 1998, though, such separations are harder to maintain. The biggest change in pop during this decade has been the emergence of female artists as regular and equal players instead of courageous rarities. These new stars, like most professional women, are refusing to choose

between career and family. The pinneers who stood in isolation before - Chrissie Hynde, Sinead O'Connor, Kristin Hersb of the Throwing Muses — are now considered role models, instead of freaks, among the boys. These women endured great difficulties because of their insistence that

mothering need not end their careers. Hynde and O'Connor faced criticism and saw their record sales drop when they turned to more domestic subjects. Hersh, who had the first of three sons at age 19. lost custody of her oldest. Dylan, to his father partly because she was in a muring band. But she refused to give up her art, and the sight of her playing Throwing Muses jagged, hypnotic rock while buge with her second son, Ryder, was one of the most inspirational shocks the under-

CROSSWORD

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ground rock world got in the early '90s. The way motherhood informed the artistic identity of such women is equally subversive. Hersh's lyrics tend to oblique, and the erotic, fractured ballads that fill her 1998 solo album, "Strange Angels," would not necessarily conjure ages of fecundity unless one knows that she wrote them while confined to her bed with a difficult third pregnancy.

Parents like Hersh are changing the scenes in which contemporary music is made and heard, and, just as important, confounding the argument that children must be protected from rock-and-roll's dangerous influence. Others, like Liz Phair and Amy Rigby, are making their mark through their lyrics.

Rigby's 1997 debut album, "Diary of a Mod Honsewife," was hailed as a

groundbreaking effort because its rootsy pop songs matter-of-factly broached subjects like marital boredom and dead-end pink-collar jobs, These were quotidian concerns that did not fit anyone's description of bohemian. But Rigby is undeniably bohemian, and she was describing that world's plain truths, not its wishful self-image.

Her just-released second album. 'Middlescence," takes up her story at a ! new juncture. Now a single mon, she the drama of buyin clothes off the clearance rack or trying to salvage a date when the kids demand to stay up past their bedtime.

Liz Phair goes in a similar direction on "Whitechocolatespacegg," espe-cially on the indelible ballad "You Go Ahead, Honey," which plainly and simply elucidates the strain a new baby can put on a relationship. Once underground rock's most famous female sexual adventurer. Phair has not compromised her frank approach because she has settled down.

The triumphant thing about songs like hers and Rigby's is that they so blithely cross lines few artists have approached. Just as classic rock first broached forbidden subjects like sexuality, they digitate the particulars of domestic experiences rience with a frankness that challenges propriety. Not only is the reverent image of traditional family life violated, but the rule of silence on subjects considered "novelties," as Rigby called making a . living and having a family, is broken.

TO ST PARTY

Mark And Comme

Neither sentimentalizing nor trivializing it, today's artists target parenthood. Few have done so with such force as Courtney Love. Love has never been anybody's idea of the perfect mom: she had her daughter, Frances Bean, within a maelstrom of controversy about drug use and other irresponsible acts, then faced single parenthood when her husband, Kurt Cobain, killed himself.

Instead of trying to hide her troubles. she turned them into ferocious music. In 1994, her band, Hole, released Through This," an album that stages a visceral attack on feminine stereotypes. with images of squirting milk and screaming hunger that evoke the exhaustion, isolation and emotional bewilderment that are the dark side of maternity.

Kirov Still Expanding Its Horizons

By George W. Loomis

T. PETERSBURG — What is the Kirov Opera doing to weather Russia's economic crisis? Honing its skills in

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Mozart's "Le Nozze di era, ballet and orchestra — in which she shaped and Figaro" and Bellini's "La will offer more than 400 per- colored phrases. In a country Sonnambula' between the formances this year. Valery orchestra's historic trip to Gergiev, the artistic director, China earlier in the month and has built his enterprise into its three-week concent tour of the cultural world's first multhe Utited States now under tinational entity.

Yet the process of glob-

ments, it also means broadening the company's artistic base to match its global strategy. To this end. Gergiev is diversifying the opera rep-

ertoire beyond the Russian specialties with which it is siill mainly identified abroad. Programs for the current orchestra tour consist almost

exclusively of Russian works. interview, the Kirov is doing the "Ring" in 2000-01. Russia has an Italian opera tradition going back to the

but lately performances bave few standard works and have often lacked idiomatic flair. Gergiev's answer is to get

Kirov has established a new academy similar to programs for young artists run by other major opera houses. The clear aim is to produce a new breed of singer with the widely recognized versatility of young Americans yet also capable of maintaining preeminence in

the Russian reperioire. Young singers domicate the casts of both new productions, which have a young conductor as well, the Italian Gianandrea Noseda, a Gergiev protégé who has belped energize the Kirov's Italian performances for the last

couple of seasons. First nights of new shows at the Kirov are sometimes a kind of final dress rehearsal, but, as luck would have it, the another in Shanghai's new performance of "La Sonnamopera house." But we can't performance of "La Sonnambula last Friday was oot even that. Because of technical problems in assembling the sets, which were borrowed from La Scala in Milan, a late-hour decision was made to postpone the first the audience witnessed a concert performance, but with the decline of the tuble translating into a top ticket price of

special for the Amina of the coloratura soprano Olga Trifonova, who at 25 has already sung with the Kirov on two New York tours. Her voice has a metallic luster that is ensemble. distinctly Russian, but what was especially encouraging

where even seasoned opera buffs learn operas more by going to performances that from listening to records, most were probably hearing "Sonnambula" for the first Italian opera, for one thing.

Supported by a pool of alization involves more than time, but the audience clearly the logistics of planning enterponded to the opera and time, but the audience clearly for its first new productions of sicians, the Kirov's three per- gagements, obtaining visas applicated Trifonova's "Ah! season, sandwiching forming organizations - op- and making travel arrange- non giunge" right through

the choral postitude, just as the

onard Bernstein. Further seasoning will no passage into maturity: parenthood.
oubt give Noseda's "Son- The domestic realm has long doubt give Noseda's "Sonnambula" a cumulative momentum to go with its fine

Tatjana Pavlovskaya's vocally shimmering Countess and Vladimir Samsonov's vidays of Catherine the Great in brant, narcissistic Count were the 18th century and before, welcome holdovers from the tween such conventional feelings and company's previous producbeen pretty much limited to a tion. Of the newcomers, Irina Gioeva offered a Susanna that was properly sung if rather dull, but Ildar Abdrazakov's to singers when they are Figaro had an appealing, young, and to this end the worldly dimension. Yuri Alexandrov's production was lively and good-natured, de-

spite the questionable touch of introducing a subversive should stave off adult responsibility. band of revolutionaries. HE energy and breadth of the company's activities seem far removed from Russia's sorry economic state. We can do lots of things and have fantastic forces, Gergiev, speaking with special pride about the China tour, the

first by a Russian ensemble in 30 years. Coocerts were televised nationally and included an appearance in the Great Hall of the People in Beijing before an audience of 8,000 and plan for the horrible events in Russia. We do nor face the future with fear, but we must not react with thoughtless en-

thusiasm either, There is no talk of retrenchment, but clearly Gergiev exstaged performance. Thus, pects the continued loyalty of the Kirov's friends abroad. "Billions of dollars were poured into Russia," be said. but we are one organization about \$3.20, few could com- that financial institutions and plain that they didn't get their corporate sponsors can conlinue to trust. New moneys Above all, the evening was are directly translated into new artistic projects."

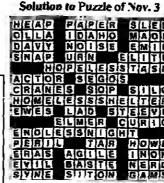
Many are now in pipeline. The next stop for the orchestra is Japan - all in a month's work for this unique

George W. Loomis is a nuwas the supple, unforced way six writer based in Moscow.

See our

Arts and Antiques

every Saturday



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PAGE 13

INTERNATIONAL MANAGER



At Citigroup, Fears of Exodus

President's Exit Raises Specter of Collapse of Union With Travelers

By Timothy L. O'Brien and Peter Truell New York Times Service

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EW YORK - On Oct. 22. about 150 top executives of Citigroup Inc., the financialservices titan created by the combination this year of Citicorp and Travelers Group Inc., set out with their spouses for what was billed as four days of golf, corporate planning and managerial bonding at the Greenbrian resort in West Virginia.

But beneath the surface of this ostensibly amiable event, serious trouble was brewing. The day before, Citi-group posted a buge and disappointing plunge in third-quarter profit, and those ensconced at Greenbriar were soon complaining loudly about the trouble the company was having knitting together such disparate businesses as lending to big companies and bond and stock underwriting.

At one point, said executives at the meeting, Steven Black, a senior Citigroup executive, quarreled londly with Deryck Maughan, vice chairman, over how best to manage the company's disparate corporate and investment-banking businesses. The man who finally stepped between them was James Dimon, Citigroup's president, who had been charged with smoothing

out such differences. But a week after that four-day session ended, at 2 P.M. Sunday at a conference center in Armonk, New York, Citigroup's co-chief executives, Sanford Weill and John Reed, respond- that when he walked onto the trading ed to the turmoil in an even more direct floor of the brokerage unit, Salomon

and surprising way: They asked for Mr. Dimon's resignation. Mr. Dimon, 42, was widely considered to be their heir apparent and had once seemed more like a son to Mr. Weill than an employee. But Mr. Dimon's bosses had evidently decided that he was not suc-

ceeding in melding the companies.

Beyond the high-level personnel problem lies a larger issue: A business combination announced only seven months ago and heralded as ushering in a new era in global capitalism and supermarket-style financial services is ahready showing signs of severe and potentially disastrous strain.

"It's certainly a loss of quality management," said Joan Solotar, an analyst at Donaldson, Lufkin & Jenrette, "Jamie played a significant role in executing the overall strategy. I think you'll see more departures and further turmoil." There has been speculation this

week that Mr. Black and other executives close to Mr. Dimon were considering quitting Citigroup, Mr. Black declined to comment, and Mr. Maughan did not respond to a telephone message seeking comment.

Mr. Dimon's departure leaves a gaping hole at the top of Citigroup, and many analysts and employees are

many analysts and employees are questioning the wisdom of the decision to ask him to leave.

"I found it shocking," a top Citigroup executive said, insisting on anonymity. "He was basically fired, and a lot of it had to do with corporate politics. Jamie had a lot of fans here."

Such was Mr. Dimon's complexity ch was Mr. Dimon's popularity

Smith Barney Inc., Monday morning, he was met with a standing ovation.

Mr. Weill and Mr. Dimon have come a long way together, becoming a favorite double act both for Wall Street and for investors. Their presentations the investment community routinely impressed analysts, with Mr. Dimon the quiet and trusted right hand

and analyst for Mr. Weill. The two executives who have been tapped to run corporate and investment-banking businesses, once con-sidered part of Mr. Dimon's bailiwick, are not seen as credible candidates for

Citigroup's presidency.
Victor Menezes, the former president of Citicorp, is regarded as a competent, though not stellar, manager Michael Carpenter, former head of the Travelers life-insurance and annuities business, has a notable blemish on his résumé: He ran General Electric Co.'s Kidder, Peabody & Co, unit during a financial scandal involving the onetime bond-trading star Joseph Jett.

Despite Mr. Dimon's popularity, he has had a rocky tenure over the past year jointly supervising Salomon Smith Barney's investment-banking activities with Mr. Maughan. The unit incurred hundreds of millions of dollars in trading losses in the third quarter, largely because of errant bets on overseas markets and other risky bond investments.

In the executive shake-up an-nounced Sunday, Citigroup stripped Mr. Maughan of any real management duties and appointed him to a largely ceremonial role as a vice chairman.

See EXECUTIVES, Page 15

European Central Bank Bristles At Bonn's Demand for Lower Rates

By John Schmid International Herald Tribure

FRANKFURT - The European Central Bank on Tuesday criticized mounting German political pressure to cut interest rates and fired back at Bonn with warnings not to neglect economic restructuring or fiscal discipline.

Wim Duisenberg, president of the central bank, pledged to ignore demands by the new German government to loosen credit policy as a way to spawn new jobs and increase economic growth. The European Central Bank will take over management of monetary policy next year for the 11 countries adopting a single currency.

Calls for easier credit, which have put the central bank's independence under its first test, "will in no way affect the credibility of the euro, because they will in no way influence decisions by the governing council," Mr. Duisenberg

said, speaking after a meeting of Euro-pean central bankers in Frankfurt.

"Monetary policy cannot solve struc-tural problems," Mr. Duisenberg said, speaking two months ahead of the Jan. I introduction of the single currency. Analysts expect European rates to converge at the German and French level of 3.30 percent before then.

In a firm rejection of arguments from Oskar Lafontaine, the finance minister of Germany, that lower interest rates can create jobs, Mr. Duisenberg said "the most decisive contribution of monetary policy to the fostering of growth and employment" is the campaign to keep inflation expectations low.

Mr. Duisenberg said it was "normal" for politicians to publicize their views on interest rates. "It would be abnormal if those suggestions were to be listened to," the central banker

Mr. Duisenberg, regarded as an interest-rate hawk, said "it is quite doubtful" whether small reductions in interest rates can spur new investment and hiring. "One quarter point more or less is not the main driving force in consumer and investment spending," he

Mr. Duisenberg told politicians that their job is to deal with "structural problems" that lead to job creation.

In a thirty veiled jab at Mr. Lafontaine, who said he supports higher wages and public spending to spur con-

sumer demand, Mr. Duisenberg warned against "a relaxation of fiscal policies and higher wage increases.

Such neo-Keynesian measures could force the central bank to reappraise an otherwise calm monetary outlook, he said. Loose spending and wage policies could lead to a reversal of current developments in consumer prices and undermine confidence. Any uncertainties arising in these two fields would of course considerably complicate our as-

sessment," he said. Mr. Lafontaine Tuesday again denied that he wanted to infringe on central bank autonomy or breach the Maastricht rules. "I do not want to put anyone in the ECB under pressure," he said. "The only people under pressure are those without a job," he said, restanng his position that interest rates should be used as a job-creation tool.

The month-old conflict continued to escalate, with European Union officials in Brussels also stepping into the dis-

A German member of the EU Par-

liament accused Mr. Lafontaine of a 'blatant' breach of the Maastricht Treaty's provisions on central bank independence. The parliamentarian, Ingo Friedrich, urged the European Commission to rebuke Mr. Lafontaine along with the chancellor of Germany, Gerhard Schroeder, with a public censure for demanding rate cuts from the

Bundesbank. The commission must step in," said Mr. Friedrich, a member of the conservative Christian Social Union, in a letter to the commission's president, Jacques Santer. Bonn's new leaders must be "reprimanded and told to desist," urged Mr. Friedrich, who quoted from the treaty's provisions on central bank independence.

The office of the EU monetary affairs commissioner. Yves-Thibauli de Silguy, also lashed out at Mr. Lafontaine. Patrick Child, a spokesman for Mr. de Silguy, said explicit calls for lower interest rates were unacceptable. Mr. de Silguy attended the meeting of the European central bankers.

New Beetle Mania Helps VW

Carmaker's Sales Soar on Strong Demand in U.S.

AUBURN HILLS, Michigan -Volkswagen AG said Tuesday that VW brand sales in the United States in October jumped 68.5 percent to the highest level in 13 years because of strong demand for the New Beetle.

Sales in October rose to 16,811 units from 9,976 a year ago, making it VW's best October since 1985. Sales in the first 10 months rose 62 percent, to 187,384 cars.

Europe's largest automaker said it sold 6,109 New Beetles in the United States in October, bringing the year's total to 42,146. The car was introduced in March.

Separately, Chrysler Corp. said its U.S. sales jumped 20 percent to a record in October, and it hinted that strong demand would continue as it heads toward completion of its combination with Daimler-Benz AG.

Chrysler, the third-biggest U.S. automaker, said sales of U.S.-built

cars and trucks rose to 226,179 last month, its fourth record in the past six months, from 188,263 a year earlier. Sales of pickup trucks, sport-utility vehicles and minivans rose 17 percent, and car sales jumped 27 percent. The results broke an October re-

cord set in 1996. But Chrysler's results a year ago were held back by model changeovers.

Sales continue to be very strong. and consumers don't appear to be reading consumer confidence re-ports, said James Holden, Chrysler's executive vice president of sales and marketing. General Motors Corp. and Ford Mo-

tor Co. are expected to report sales Wednesday in what analysts say should be a strong month for the industry.

At Chrysler, sales of sport-utility vehicles rose 29 percent, with Dodge Durango sales up 25 percent from the previous month for their best month (Bloomberg, Reuters)

Gates's Testimony: Soft and Evasive

Microsoft Chairman Shows Another Side in His Battle With Government

By Steve Lohr and Joel Brinkley

New York Times Service WASHINGTON - The Bill Gates on the courtroom screen was evasive and uninformed, pedantic and tacitum - a world apart from his reputation as a brilliant business strategist, guiding every step in Microsoft Corp.'s rise to

dominance in computing. In two hours of videotaped questioning shown at the Microsoft anuitrust trial bere Monday, a small part of the three-day deposition he gave last summer, Mr. Gates professed ignorance of several key charges in the government's case. including allegations that he had been involved in plans to bully competitors sock as Apple Computer Inc. and Net-scape Communications Corp. to step back from Internet software markets

that Microsoft sought to dominate. When presented with electronic-mail messages he had written, he often said he did not recognize the messages or recall the discussions surrounding them. To question after question he answered, "I don't remember using those words," "I'm not sure what you're trying to

Microsoft contends that the few hours of taped excerpts, drawn from 20 hours of questioning by government lawyers, were often taken out of context, selected merely to embarrass Mr. Gates and Microsoft and having little direct bearing

Through two hours of verbal thrusts on the case and parries, David Boies, the Justice Department's trial lawyer, never quite succeeded in trapping Mr. Gates, and Mr. Gates was generally unable to discredit the assertions that were made by

During the deposition, taped over three days in August, Mr. Gates was confronted again and again by e-mail his own and messages sent to him by

other Microsoft executives. The government's case, in its broadest terms, is that Microsoft has used its market muscle to fashion a network of rise of the Internet did not weaken its meeting that took place on June 21,

relationships that would ensure that the dominance. It began with trying, in a 1995, to divide up with its main rival, Netscape Communications Corp., the market for software used to browse the World Wide Web. In his deposition, Mr. Gates said that

during the period around June 1995 he had 'no sense of what Netscape was

Microsoft documents often seem to contradict Mr. Gates's profession of ignorance. In an internal document titled 'The Internet Tidal Wave," written on May 26, 1995, by Mr. Gates, he gives an authoritative analysis of Neiscape's

He called Netscape a "new competitor 'born' on the Internet," whose goal was to "commoditize" the value of the personal computer operating sys-

The government asserts that Microsoft unfairly used its market muscle to force Apple to choose its Internet Explorer instead of Netscape's Navigator as the main browser on Apple

Macintosh computers. A key weapon in that campaign, the government says, was to threaten to cancel developing the Macintosh version of its industry-standard Microsoft

Office software.
This threat, Mr. Gates was informed in an e-mail from a subordinate, "is certainly the strongest bargaining point we have, as doing so will do a great deal of harm to Apple immediately.

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CURRENCY & INTEREST RATES

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Very briefly:

• Nintendo of America Inc. said it had beaten out Sony Corp. for the initial rights to make two video games linked to the first of three new "Star Wars" movies, stated for release in

quarter charge of as much as \$400 million to change the way it accounted for development costs.

Donna Karan International Inc. said its third-quarter profit rose more than eightfold to \$7.6 million, but the share price fell since the results were below expectations.

 Dole Food Co. said it expected to take a fourth-quarter charge of \$50 million to \$70 million because of damage to its Central American crops, particularly bananas, from the hurricane designated Mitch.

 Trizec Hahn Corp., the Toronto-based real-estate company, said its third-quarter earnings rose 52 percent to \$71.7 million, fueled by its purchase of commercial properties and higher revenues from office rentals.

 Kinowelt Medien AG, the German film distributor, said it had bought the rights to at least 22 film productions from New Line Cinema in an agreement worth \$120 million,

 SyQuest Technology Inc., once the pioneer in removable storage devices for personal computers, will close its doors and may file for bankruptcy. SyQuest's stock has plunged from almost \$19 a share in August 1995 to 34 cents on Monday before trading was halted pending the announcement.

• Hewlett-Packard Co., Microsoft Corp., and 12 other companies formed a group to establish standards for the Java programming language in the so-called real-time embedded systems industry, in what was viewed as a sign of frustration from 114,935 yen. Japanese financial with Sun Microsystems Inc.'s control of the standards process. Sun is the creator of Java, which allows programs to run on any computer regardless of its operating system.

• The National Association of Securities Dealers and the American Stock Exchange completed their merger to form a a currency strategist for BankBonew organization, the Nasdaq-Amex Market Group, which will have 6.178 listed companies.

Investors Await Clues to Clinton's Future in Elections

Compiled to Our Staff From Disparter NEW YORK - Stocks finished mixed Tuesday as investors waited to see if U.S. election results would shed any light on the future of President Bill Clinton.

"Investors tend to want the certainty of the results, so they're taking a cautious stance in an overextended market," said A.C. Morre, the Standard & Poor's 500 index equity strategist at Dunvegan Associates. Stocks have rallied

strongly in recent days.
U.S. voters will choose one-third of House of Representatives. The results could determine how aggressive Republicans are in pursuing impeachment of Mr. Clinton for lying about an Nov. 17 meeting of the Federal Re-

affair with a White House intern. "The market wants to see Clinton stay in office," said Dan Ascani, president of Global Market Strategists. The Dow Jones industrial average finished unchanged at 8,706.15, and

U.S. STOCKS

closed down 0.76 point at 1,110.84.
Advancing issues outnumbered declining ones by an 8-to-7 ratio on the
New York Stock Exchange, and the the Senate and all 435 members of the Nasdag composite index finished 12.47 points lower at 1,788:44.

invesiors also were beginning to

serve Board's policy-making Open Market Committee. The Fed cut interest rates on Sept. 29 and Oct. 15 to. head off the impact of a global recession on the U.S. economy.

But further cuts may be less likely now, given that stock markets in Asia have recovered, investors are returning to the corporate bond market and Japan is taking steps to solve the bad-loan problems at its banks and pull the second-largest econ-

omy out of recession.
"I think the market is beginning to realize that the Fed is not guaranteed in cut rates again when it meets in two weeks," said Robert Stovall, president of Twenty-First Advisers. In the Treasury bond market, the

price of the benchmark 30-year issue closed 12/32 point higher at 104 8/32, taking the yield down to 5.22 percent from 5.23 percent Monday. Bond demand has been stoked by signs that inflacion in the United States will remain subdued.

Ciena was the most actively traded stock, falling 3 9/16 to 1814 after the company, which makes equipment to increase the capacity of phone networks, announced a contract with Enron that was smaller than analysis expected.

Ciena shares had risen recently as earnings expectations grew amid. optimism that the company would gain contracts and that it may be an

Pairgain Technologies, a competitor of Ciena and also a rumored takeover target, fell 2 7/16 to 11 3/16. First Health Group fell 61/2 to 17 after the health insurer posted disappointing results for the third quarter and warned of continued trouble in the current quarter and

next year. Boston Scientific fell 5% to 46% after the medical-device maker said it found accounting irregularities at its Japanese subsidiary that resulted in \$40 million to \$50 million in improperly recorded sales in 1998. The head of the company's inter-national business resigned to take responsibility for the problems. (Reuters, Bloomberg, AP)

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Cuts in European Rates Give Lift to the Dollar

NEW YORK - The dollar rose against other major currencies Tuesday after interest rate cuts in three European countries raised hopes that German interest rates may fall before the start of European Monetary Union on Jan. 1.

May. Terms of the deal were not disclosed.

• Lockheed Martin Corp. said it expected to take a fourth
and Sweden trimmed their benchmark short-term rates by a quarter ercentage point on Tuesday. With Spain and Portugal joining the single European currency in January, both

FOREIGN EXCHANGE

have been pressed to bring their interest rates down to the level of core European countries like Germany and France. The benchmark interest rate in Germany is 3.3 per-

Hopes that the Bundesbank will join the rate-cutting trend when its central council meets on Thursday helped lift the dollar to 1.6590 Deutsche marks at 4 P.M., up from .6535 DM on Monday.

It rose to 5.5631 French francs from 5.5451 francs and to 1.3585 Swiss francs from 1.3510 francs. The pound was at \$1.6593, down from \$1,6640.

The dollar rose to 115,295 yen markets were closed for a holiday. "The return on European-denominated assets is falling before people's eyes," said Paul Podolsky,

U. S. STOCK MARKET DIARY

the European Central Bank, welcomed the new rate cuts, saying that the central bank council considered it "appropriate" that rates in the single currency block should continue to converge toward the lowest

common level, Asked whether interest rates in core countries like Germany or France can be lowered further before the end of the year, Mr. Duisenberg would say only that it is 'nonsense to say that EMU interest rates cannot be raised or lowered further but don't ask me whether it

will be done. Roddy Graham, a currency ana-tyst at Morgan Stanley Dean Witter & Co. in London, said, "The hias is very much toward easing across the euro zone." He said be expected the ECB to cut rates early next year, which would "attract people into

higher-yielding dollar assets."
The dollar also is benefiting from growing speculation that the Federal Reserve Board will leave its key lending rate on hold.

"There's some doubt as to how fast the Fed will cut rates," said Elena Shperling, chief currency trader at Banco di Sicilia.

Investors were keeping an eye on U.S. elections.

A middle solution would be best for the dollar," said David Homer, senior financial strategist at Merrill Lynch. "Foreign investors like the Bill Clinton presidency, and the way U.S. Treasury Secretary Robert Rubin and the Federal Reserve chairman. Alan Greenspan, work togeth-

K-tel to Link Up With Playboy

Bloamberg News
MINNEAPOLIS - K-tel International Inc. shares soared Tuesday after the music retailer said it would team up with Playboy Enterprises Inc. to form an

on-line music store.

K-tel shares closed \$6.50 higher at \$13.375 after more than doubling earlier in the session. Class B shares of Playboy. the publisher and producer of adult entertainment, climbed \$1.25, to \$16.125.

Financial terms of the transaction were not disclosed, although Chicago-based Playboy said the partnership was "financially the largest pact ever formed by Playboy Online" and could be worth more than a \$1 million.

Under terms of the agree-ment, Playboy Online and K-tel plan to develop the "Playboy/ K-tel Masic store" within Playboy.com, the company's free Web site. The site will be operating in time for the holiday season and include more than 250,000 music titles.

Separately, K-tel said David Weiner, who became president of the music retailer five years ago, has left the company. A K-tel spokeswoman, Dilek

Mir. declined to say when and under what circumstances Mr. Weiner had left. Mr. Weiner could not immediately be reached for comment.

On May 15, Mr. Weiner. along with chairman and chief executive Philip Kives, extended \$8 million in credit to K-tel's fledgling on-line music service.

NBC Struggles to Find Life After 'Seinfeld'

By Bill Carter New York Times Service

NEW YORK - Only 18 months ago, executives of the NBC television network were riding a wave of prime-time success. Its executives were so confident that they occasionally suggested that they did not merely want to be the No. I

positioo in the ratings and could be the first network to avoid the ride down the bad side of the ratings wheel of fortune

was stopping production on the com-edy series that had led NBC to its record profit. Now, in the first sea-son without "Seinfeld," NBC finds itself in a suddenly altered position.

As it did in the early 1990s, NBC is once again struggling to counteract a combination of factors: the hit that could not be replaced, the suddenly dry pipeline of new hits, the balland-chain encumbrances of commitments to previous hit makers, and the internal executive turf battles.

And once again, the network is looking to a new entertainment ex- studios will not be supplying NBC ecutive to help stem the downward turn of the programming cycle that has hit every network that has reached a position of American prime-time dominance in the past

about the ratings clout of "Seinfeld," they have now been crased. NBC's ratings are off by more than

Tellingly, the network's biggest losses have been among younger men, the biggest fans of "Seinfeld." Some of that is also the result of NBC's abandonment of National American network; they wanted to be the only network.

NBC, a unit of General Electric

Co. was convinced it had a sound strategy for maintaining its elevated position in the ratings and could be to the only network.

Last week, Scott Sassa, 39, the

former head of entertainment operations for Turner Broadcasting System Inc.'s cable channels, was ap-But some of the edge came off that pointed to succeed NBC's longtime confidence last Christmas, when programmer, Warren Littlefield.

Jerry Scinfeld announced that he NBC's position remains reason-

ably secure for the moment, because NBC still possesses a core of television's strongest shows -- "ER," "Frasier," "Friends" and "Law and Order."

But NBC is also embroiled in a bitter standoff with the Hollywood studies that supply all those hits. NBC has demanded an ownership stake in all new programs, and the studios have refused. Instead, they have begun what is in effect a boycott of NBC.

For the moment, that means those with any of the hits the network needs to pull out of its current slide. NBC must have those hits becompelling new program has been

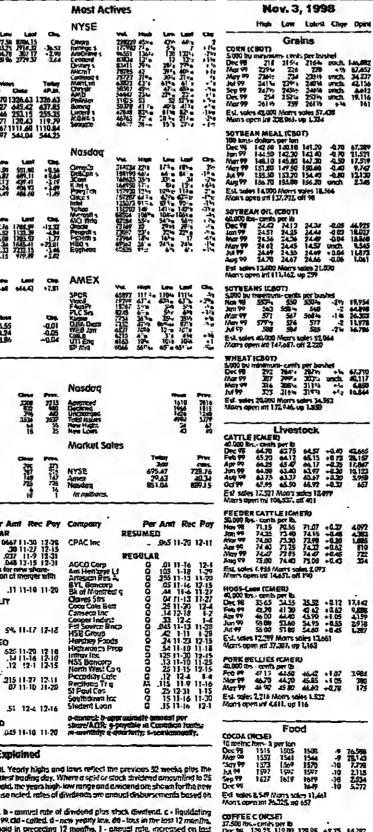
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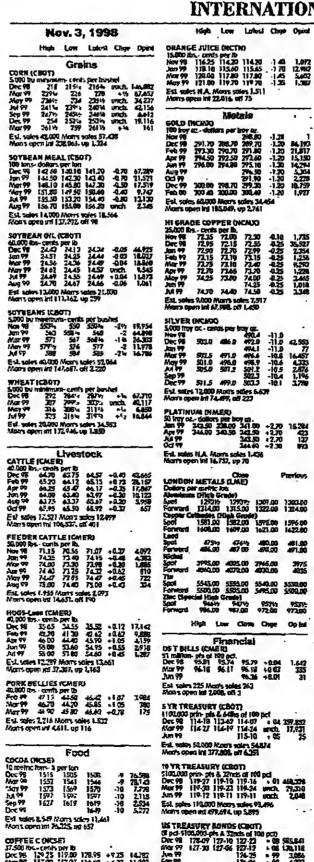
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Regional Indexes						
Asia/Pacific	88.17	+ 0.02	+ 0.02	÷ 8.23		
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Industrial Indexes						
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Energy	199.43	+ 1.57	+ 0.79	+ 2.29		
Finance	127.05	0.30	0.24	+ 3.33		
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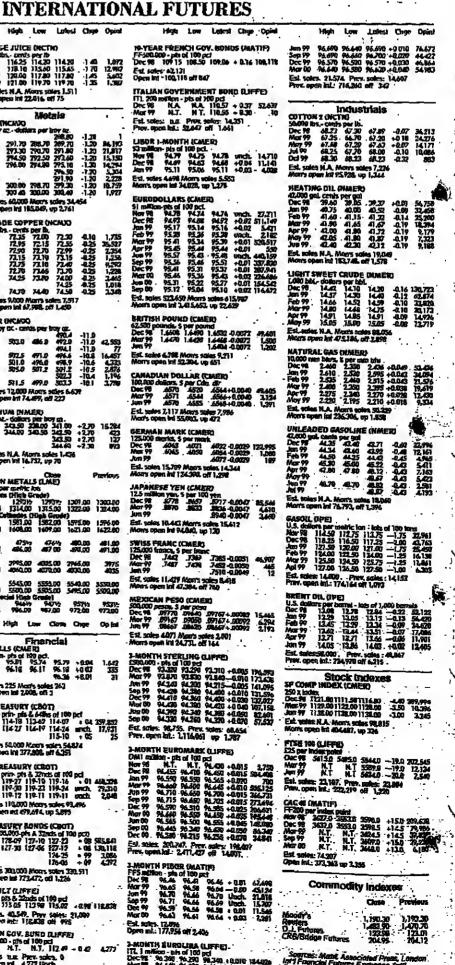
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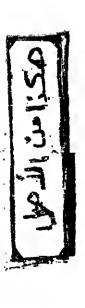
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First-Half Profit Falls At Marks & Spencer

LONDON - Marks & Spenprofit fell 23 percent, the first drop in seven years, and warned that earnings would continue to deslowed in Britain.

The retailing giant earned £348.2 million (\$579.4 million) before taxes in the six months to Sept. 26, down from £452.3 million a year ago. Sales rose to £3.81 billion from £3.74 billion.

In Britain, sales rose 4.4 percent in the first quarter but shrank 0.3 percent in the second. percent, to £11.15, after the re-

salts were announced. The owner of the St. Michael. clothing brand, whose consistent earnings growth once gave its shares a premium over other retail stocks, suffered from an industrywide slowdown as job cuts in Britain's manufacturing sector and talk of a global recession deterred

Brooks Brothers chain in the United States and also has stores cer PLC said Tuesday its first-half in Europe and the Asia-Pacific

Investors had been braced for lower earnings, but Marks & teriorate as consumer spending Spencer's performance disappointed even the pessimists.

John Richards, a BT Alex Brown retail analyst, said Marks & Spencer had committed to significant expansion at a time when conditions had deteriorated.

The company said Tuesday it would cut £300 million from the original program of about £2 billion and would scale back invest-Marks & Spencer stock fell 8.5 ment after 2000. Cuibacks will come mainly in Britain but the group also will slow the pace of growth in Continental Europe and

> Operating profits in Continen-tal Europe fell to £2 million from £12.2 million and business in Asia slumped to a £5.5 million loss from a £6.3 million profit.

Clothing and furniture sales were the hardest hit. 'Clothing spending.

Marks & Spencer, which has sales have been disappointing and the downward trend has contin-Britain, also warned of lower ned into October," the company

Dutch Telecom to Cut Staff by 3,000

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biggest telephone company in the Netherlands, said Tuesday that it work force over the next three years as it focuses more on fast-growing mobile phone and Internet services and less on fixed telephone lines.

The company said it would eliminate a net 3,000 jobs as it cuts 4,000 jobs in its corporate, sales and fixed network services and creates 1,000 positions in its mobile phone and data units. KPN employs about 32,500 people.

The company will also eliminate 1.300 non-staff contractors and employees from outside agencies, about half the total of such posi-

tions.

would shed about one-tenth of its ulations and increased competition.

"The cuts are at the higher end of what was expected." said James Ross, an analyst at ABN-AMRO. technology.

He said that although the company would take special charges one-third, KPN said. against its earnings in 1998 and

. The cutbacks are an effort to maintenance of fixed lines. It will WorldPort Communications Inc. of streamline the company's opera- close two-thirds of its 18 directory. Atlanta,

tions and increase its profit. At assistance sites, eliminating about THE HAGUE -- KPN NV, the KPN, as at other former telephone 250 julis. About 1.500 installation monopolies in Europe, earnings services jobs. 1,000 corporate office have been croded by tougher reg-positions and 750 sales-related jobs will also be out

RPN is hattling a ruling by Dutch phone regulators to cut local rates hy one-quarter next year and national It's part of an efficiency drive. All rates by up to one-third within three European telecoms are reducing years, which would make the comhead count, which is made easier by pany's onone rates among the lowest in Europe. Price cuts could reduce operating profit by as much as

Since last July, KPN has faced 1999 to pay for the cuts and for increasing competition front rivals investments in new equipment, it such as Telfort and EnerTel Telfort would benefit beyond that from its is a joint venture of the Dutch railway system, Nederlands Spoorwe-KPN said about 500 jobs would gen, and British Telecommunicabe eliminated in construction and tions PLC. EnerTel is owned by

CAC 40 FTSE 100 Index DAX w)(r) 4400 5150 V -3<u>0</u>7 41(5/4 3805 550 500 3570 -31 ÷300 4950 3200 4.G) 7500 J J V 2505 J J A ## J J A S O N 1998 t998 1998 Tuesday Prev. Exchange Index Change Close 1,030.60 +0.37 AEX 1,034,40 Amsterdam 3,231.17 **BEL-20** 3,262,84 +0.98 Brussels DAX 4,705.08 4,761.15 -1.18 Frankfurt Copenhagen 618,42 622,08 -0.59Stock Market 4,554.34 4,575.41 -0.46 Helsinkl **HEX General** 562.92 OBX 542.97 -3.54 Osio 5,525.50 -0.39 London FTSE 100 5,503,90 Madrid Stock Exchange 784,55 789.49 -0.63 MIBTEL 20204 20258 -0.27 Milan Paris 3,583.64 3,569,60 +0.39 CAC 40 Stockholm SX 16 3.542.29 3.596.99 -1.52 1,163.08 1,180.02 -1.44 ATX 4,177.56 4,200.78 -0.55 Zurich SPI

Investor's Europe

Frankfurt

London

Greece Seeks Guiding Investor for Olympic

German Airlines and British Air-

The airlines did not comment on

the plan or on the reports. But unions

immediately took aim at the pro-

not formed an alliance.

ATHENS - Greece is looking for a strategic investor to take a minority stake in Olympic Airways and possibly manage the troubled state-owned carrier

Transport Minister Tassos Mandelis told Parliament late Monday that the government had appointed Salomoo Smith Barney Inc. to study the placement of 15 to 20 percent of the airline with such an investor.

posal, saying it would undermine the government's own plans to revitalize the carrier. The Athens News Agency quoted

> ization program and was stopping the airline from regaining commercial viability.

Greek news media reports cited structure Olympic are an attempt to interest in the plan from Lufthansa prepare it for privatization.

Union unrest against the wideways. Olympic Airways is the only ranging restructuring plan in the airline in southern Europe that has first half of 1998 resulted in more than 2,000 cancellations of flights. Losses for the first four months of the year were estimated at around representing workers at Olympic \$10 million.

Under the restructuring, the airline is eliminating salary increases or keeping them to a minimum. slashing overtime, introducing longer working hours for flight OSPA, the main civil aviation labor crews, eliminating employee perks federation, as saying the govern-ment had "dynamited" the revital-Olympic plans to save about \$1 bil-

fion over five years. Employees have already gone on strike against parts of the plan and Labor unions have long suspected have forced the government to make that the government's plans to re- some concessions. (Reuters. AFP)

Very briefly:

· British Petroleum Co. reported sharply lower third-quarter profit and warned that the company continued to face "weak trading conditions." The company's replacement-cost net profit, which adjusts for the loss of value of oil products held in storage, was £416 million (\$693.8 million) before exceptional items, down from £691 million a year earlier.

· Canandaigua Brands Inc., the second-largest U.S. wine producer, agreed to buy Matthew Clark PLC, Britain's No. 2 cider maker, for £215.1 million as it expands outside the United States

 Kværner ASA, a Norwegian ship and construction company, expects a "significant weakening" in third-quarter profit because of charges for anticipated project losses, asset write-downs and weak markets for its products.

· General Re Corp. agreed to buy DP Mann Holdings Ltd., a British insurer, for an undisclosed sum, giving the largest U.S. reinsurer a presence in London's insurance market as the company becomes part of Warren Buffen's Berkshire Hath-

 Hungary's monopolies watchdog blocked Matav Rt.'s \$30 million purchase of Jasztel Rt., a local phone operator, to foster competition by preventing the national telephone company from extending its dominance over the telecommunications market. · Skandinaviska Ensklida Banken slumped to a net loss in

the third quarter as trading income fell and loan losses soared. Even as the Swedish bank saw guins in commissions and net interest income, its net loss reached 761 million kronor (\$98.3) million), enupared with a profit of 1,28 billion kronor a year earlier. Loan losses soared to 1,49 billion kronor from 27 million kronor.

 Melia Inversiones Americanas SA, the biggest hotel company in the Spanish-speaking world, said profit in the first nine minths rose 3.3 percent, to 2.36 billion pesetas (\$16.8 million). helped by the opening of a new hotel and rising sales of food and beverages.

 Sanofi SA's third-quarter sales fell 6 percent, to 6.1 billion French francs (\$1.1 billion), as demand for chemical ingredients and beauty products slowed, but the French drugmaker said it was on track to report a 10 percent increase in

7.67 5.34 11.66 82.50 3.63 3.42 3.45 0.16

Market Closed

profits overseas. It owns the said. **EXECUTIVES:** Dimon's Departure Illustrates Strains

. Continued from Page 13

Mr. Weill, who recently acknowledged having failed to scrutinize his firm's ties with the hedge fund Long-Term Capital Management LP, also failed to take account of Salomon Brothers' explosive bond positions when the company acoured Salomon Inc. a year ago.

The recent trading losses, though, only added to what bas become an increasingly distant relationship between him and Mr. Dimon, And people close to both men said this rift was not apparent to Mr. Reed when the accord with Travelers was engineered this spring.

There were two main reasons for that rift, people close to both Mr. Dimoo and Mr. Weill said.

One was Mr. Dimon's treatment of Jessica Bibliowicz, Mr. Weill's daughter; when a mutual-fund division she managed did not do as well as expected. Although Mr. Di-

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some Travelers executives believed and Citibank's corporate banking spot in the limelight and generally stellar reputation on Wall Street.

Meanwhile, Mr. Dimon was beginning to chafe under his mentor. The Salomon acquisition, which Mr. Weill strongly favored but which Mr. Dimon voiced reservations

about, was another of the many

sources of friction in their increasingly troubled working relationship. These problems reached a crucial stage with the creation of Citigroup, which aspires to combine consumer businesses such as credit cards, savings accounts and mortgages with corporate businesses such as under-million last year and exercised stock writing and mergers and acquisitions advice. Once the new entity is up and running, the thinking goes, Citigroup will be able to sell all of these

products worldwide as Wall Street's answer to Wal-Mart Stores Inc. While Citigroup has had a relmon and Ms. Bibliowicz had been atively easy time putting its confriends and vacationed together as sumer businesses together, it has nancial services company - and that teenagers, Ms. Bibliowicz left Trav- had a far rockier time rearranging its includes brokerage and investment elers last year after a series of run- corporate activities. The debate and commercial banking and insur-

to be the 65-year-old Mr. Weill's line apparently was the final blow in growing resentment of Mr. Dimon's the troubled relationship between Mr. Dimon and his mentor. Mr. Dimon, colleagues said, ex-

ressed concern about the wisdom of hastily combining the two businesses into one operating unit - the path Ciogroup chose when it announced the executive shake-up Sunday. Analysts said when the accord was announced in April that both

in their corporate businesses and could allow them to coexist without damaging that profitability. Mr. Dimon is leaving Citigroup with a full wallet. He was paid \$23.1 options in 1997 valued at almost \$37 million. He is also likely to garner a

companies had had buoyant profits

"He is and has been one of the best executives in the financial-services industry," said Gerard Roche, head of the executive search firm Heidrick & Struggles. Any broad-gauge fi-

number of job offers:

MOSCOW - Russian tax collection rose by 5.67 billion rubles

Russian Tax Revenue Rises

(\$353.1 million) in October from September, the tax service said Tuesday, after the central bank freed payments that had been caught in the paralyzed banking system. There has been some element of economic revival because some

bank payments were unclogged," said Georgi Boos, head of the service. "We collected in very difficult conditions. Tax payments were blocked in commercial banks in September after

the government defaulted on most of its ruble debt and devalued the currency, pushing Russian banks to the brink of collapse. The banks were the main holders of the defaulted Treasury securities. The central bank later conducted debt-clearing operations to uflow

payments to pass in the budget and to other banks.

Even so, corporate and individual tax evasion in Russia remains rife. Mr. Boos said Moscow planned to reduce tax rates to encourage companies to come out of the shadow economy, where barter typically replaces cash payments and often lets enmoanies avoid tax payments.

The government is considering reducing the tax on profits to 30 percent from 35 percent.

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ins-with Mr. Dimon ab Another divisive issue was what en	out whether to integrate Travels' investment banking business	should be at least looking a	npany — percent i	rom 35 percent.		1998 profit.	AFX, Elwanberg, Reuters
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U.S. Corporate Profits Fell in 3d Quarter for First Time Since 1991 Recession

By George Hager Washington Post Service

WASHINGTON - U.S. corporate profits stumbled in the quarter that ended in September, producing the first year-toyear drop since the United States was

clawing its way out of recession in 1991. Economists said companies had been squeezed by higher labor costs at home. financial weakness around the globe and an environment that made it difficult to raise prices. Those and other factors combined to push operating profits for America's largest companies more than 3 percent below the total in last year's third quarter, according to First Call Corp., a Boston firm that tracks analysts

forecasts and company earnings reports.
While the majority of big U.S. businesses remained profitable, and about three-fifths of them beat last year's numbers, overall profitability was dragged down by the two-fifths of companies that fell below last year's results - chiefly financial companies energy producers. and companies that sell basic materials

which were aided by continuing strong consumer demand at home.

Economists said they were not sure whether the falloff in profits was a temporary blip or the leading edge of something worse - an economic slowdown or perhaps even a recession in the United States.

Right now, about 40 percent of the world is in economic recession, and the U.S. could get into a re-cession in 1999, said Sung Won Sohn, senior vice president and chief

Richard Bernstein, chief quantitative strategist for Merrill Lynch & Co., was similarly pessimistic. "The profit cycle continues to decelerate," he said. "The profits recession that we think the United priced into the marketplace." States is in is continuing, and it's length-

ening and deepening. The stock market, on the other hand,

peaked in July.

third-quarter numbers would be particularly ugly, and the arrival of actual figures not quite as bad as those pro-

beat last year's numbers included technology companies and retailers, both of Dow Jooes industrial average surged last operating profits according to a benchmonth to its bighest level since it had mark that excludes "unusual" and noorecurring charges such as accounting Financial analysts had warned that the changes and restructuring costs.

At the beginning of July, the conthird-quarter profits would beat last

While most companies continued to post earnings growth, financial firms, energy producers and those that sell basic materials such as steel and chemicals pulled down the average.

Sohn, senior vice president and state economist at Norwest Corp. "I think it's going to get worse before it gets jections came as a pleasant surprise.

"It had already bad its impact," said Aothony Dwyer, chief market strategist for Ladenburg Thaimann & Co. "You can't debate that the negatives are there; what you can debate is whether it's

> The Dow rose 750 points — nearly 10 percent - through October, even as companies disclosed earnings that

year's third-quarter numbers by more than 10 percent. But as global conditions worsened, analysts knocked those estimates down to no growth at all over last year and finally to 3.2 perceot less than last year by Oct. 12, just as companies began to report their actual third-quarter

"Investor-relations people set expectations so low that you were bound to get basic materials - were joined by two

several years by just manipulating ex-

Now, with 421 of the companies in the sensus of analysis was that this year's Standard & Poor's 500-stock index reporting, third-quarter earnings are in fact also expected to suffer. down 3.2 percent from last year's third quarter, according to First Call's research director, Chuck Hill.

Mr. Hill said he expected the final tally to be about 1 percent to 2 percent below last year when rosier results trickle in from retail companies this month and pull the average up. That would still mark the worst performance since the third quarter of 1991, when the United States was entering the ootorious 'jobless recovery' that followed the

990-91 recession. Mr. Hill said sectors that had already done poorly because of soft commodity prices and weak international markets - oil companies and firms producing

such as steel and chemicals. Those that has treated the profit numbers as old, and would have horrified investors just four positive surprises," Mr. Bernstein said, other big sectors: banks and financial In fact, if investor-relations people companies, which were bled by the have their way, they're going to make downtum in domestic and world marthe negative surprise extinct in the next kets. Companies that supply capital equipment to industries already burt by the slowdown in international markets - farm equipment, heavy construction equipment and drilling services - are

> A common theme among companies that fell below last year's levels is ongoing weakness abroad, and this cut two ways. Industries that depend heavily on sales in international markets have suffered, but so have industries that sell domestically but compete with companies from abroad. The prime example of that phenomenon is the steel industry. which has been staggered lately by lowprice imports from producers in Russia; Japan, Brazil and other countries where domestic demand is way down.

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"What they're doing is shipping over steel with oo customers, said Sam Siegel, chief financial officer of the steel producer Nucor Corp. When a customer knows that, they can really deal."

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India Slump Hits Some Basic Industries

- BOMBAY -- Indian steel, cement and auto companies are facing their worst year of the decade as the financial reports of thousands of Indian companies show an economic slump continu-

ing into its third year. Last week, listed companies finished reporting their earnings for the quarter

that ended Sept. 30. The numbers confirmed worries that an oversupply of metals, autos, textiles and chemicals is continuing, with big companies such as Steel Authority of India Ltd. and Tata Engineering & Locomolive Co. posting losses.

The growth rate of the Indian economy slowed to 5 percent last year from on average of 7 percent in the previous three years.

The only notes of cheer for investors in indian shares came from producers of computer software, drugs, soap and

Indian software makers, whose shares have been among the best performers in the world the past two years, continued

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business in the United States and Europe to help deal with the so-called year 2000 bug and to help adjust computers for the Jan. 1 introduction of the euro, the Euro-

pean Union's common currency. India has always been a story of some well-managed companies, said Ved Prakash, chief investment officer of

SBI Funds Management Ltd. 'It is time we sift them from the bad ones; it is time to select the men from the

Shares of companies such as Hindustan Lever Ltd., a personal-care and processed-foods unit of Unitever PLC; Glaxo India Ltd., a medicine-manufacturing unit of Glaxo Wellcome PLC; and ITC Ltd., the biggest Indian cigarene maker and a unit of British American Tobacco PLC, provided fund managers

with some respite. Hindustan Lever's profit shot up 43 percent, and ITC's earnings rose 14 per-

each gained 23 percent in the last year, than doubled, to 184 million rupees,

For information please contact

Katy Houri: Fax [33-1] 41 43 92 12 or e-mail: funds@iht.com

their good run as they expanded their and Glaxo India shares have risen 13 perceot even as the Bornbay Stock Exchange's beochmark Sensitive Index of

30 top shares lost 13.3 percent. . The biggest gainers, though, were software stocks. In the past three years, fund managers who bought into companies such as Infosys Technologies Ltd., Satyam Computers Ltd. and NITT Ltd.

were rewarded more than others. Many investors, sensitive to the economic slowdown, sold shares of India's leading automaker, Tata Engineering & Locomotive Co., and of the two biggest steel makers — Steel Authority of India and Tata Iron & Steel Co. — in order to invest in the software makers.

Infosys shares have gained 85 percent in the past year, while Satvam shares have surged 300 percent and NITT shares 103 percent, Meanwhile, shares of Tata Eogineering and Tata Steel are close to their lows for the decade.

Infosys said profit for the quarter rose 106 percent, to 284 million rupees (\$6.7 Hindustan Lever and ITC shares have million), while Satyam's profit more

Very briefly:

Singaporeans will be allowed to use their money held in the Central Provident Fund, the country's mandatory savings plan, to buy bonds sold by government agencies such as the Housing and Development Board, the city-state's public housing developer, the government said. The move was viewed as an attempt to enliven Singapore's bond market.

" India's decision not to sell shares of the state-controlled transportation company Container Corp. overseas shows that the global exodus from emerging markets may keep the government from raising the money it needs to keep its deficit in check, analysts said. The government, which has been delaying the sale of its 77 perceot stake in the company since last year and originally planned to sell some shares abroad, announced last weekend that it would sell some of its stake, and only in India.

"Sumitomo Trust & Banking Co., Japan's second-biggest trust bank, will develop a dollar-denominated mntual fund with Chase Manhattan Corp. Dozens of Japanese banks and brokers have formed alliances and joint ventures with foreignowned financial companies in asset management ahead of the Dec. 1 scrapping of regulations that give brokers the exclusive

 Prudential Securities Inc. predicted that small-capitalbenefit from the U.S. Federal Reserve Board's two cuts in the discount rate in recent weeks,

• The Bond Market Association, a trade group, will begin

daily postings on its World Wide Web site of 1,000 municipalbond transactions tracked by the Municipal Securities Rulemaking Board. The data will be available free at www.investinginbonds.com....

Thomas Herzfeld, an investment adviser in Miami, plans to offer a closed-end Cuba fund that would invest primarily in companies permitted to do business there. If the trade embargo against Cuba is lifted, the fuod will also invest directly in Cuban businesses, according to a Securities and Exchange Commission filing.

 Hyundai Electronics Industries Co., LG Electronics Co., and 13 other units of South Korean conglomerates will self-2.28 million won (\$1.73 billion) of new shares in the next two months, the Korea Stock Exchange said. The amount equals 70 percent of the mtal new shares to be sold. South Korea's largest industrial groups, known as chaebol, bave been rushing to sell new shares since the government limited their access to the corporate debt market, raising concern that their earnings would be dilnted. Daewoo Corp., the flagship of Daewoo Group, and Daewoo Heavy Industries Co., a shipbuilder, said they were also considering selling oew shares.

• China Aerospace International Holdings Ltd., a govization stocks, which have lagged in receot mooths, would ermment-backed maker of home electronic appliances and molds, liquid-crystal display panels and television sets, will sell 142 million Hong Kong dollars (\$18.3 million) of shares to redoce its debt, said CEF GC Brokerages Ltd., the underwriter for the sale. .

November 3, 1998

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INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, NOVEMBER 4, 1998

ASLA/PACIFIC

market, one that accounts for about 4

percent of the \$40 billion a year spent on

cellular phones worldwide. One in four

South Koreans owns a mobile phone.

and Hyundai supplies about 18 percent

a production base for Asia's cellular

markets." said Ion Chong Wha, an elec-

tronics analyst at KEB Salomon Smith

The German company has said it is

open to new joint ventures to improve its

lagging market share in Asia and to help

it bring out new generations of mobile

phones more quickly.
"We have held many meetings with

Hyundai," a Siemens executive said.

We are now trying to draft a proposal

Establishing a manufacturing base in

for a joint venture, and a decision will be

South Korea may well be a matter of

urgency for Siemens to avoid losing more ground to Motorola Inc. of the United

tates and other cellular-phone giants.

ued at more than \$100 million to supply

digital phones to SK Telecom Co. of

South Korea. Last month, Motorola

agreed to buy 51 percent of another

Korean mobile-phone maker. Appeal Telecom Co., for \$45 million.

South Korean assets have become

cheaper amid the Asian financial crisis.

Motorola won an order Monday val-

"Such a move will also give Stemens

of the handset market.

Barney Securities Co.

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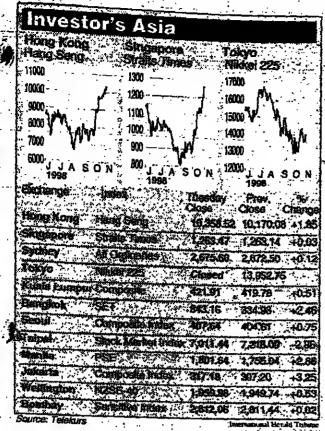
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Marin Marin Bridge



Very briefly:

 Hong Kong signed a customs agreement with the European Unioo after a visit by Jacques Santer, president of the European Commission. It was the first customs agreement signed by the former British colony since its reversion to China in July 1997, officials said.

· Malaysia's prime minister, Mahathir bin Mohamad, called for the regulation of international credit-rating concerns. At an international conference, "Managing the Asian Financial he said credit-rating companies had done "hor-

Malaysia has approved 179 companies, 62 of them foreign, to operate in its Multimedia Super Corridor, the national news agency Bernama said.

· Air India appealed for government aid to help it cope with mounting losses. The company has reported losses of \$67 million for the year that ended in March and a further \$26 million for the cext five months.

 South Korea's auto industry slipped from fifth to seventh place in the world rankings of vehicle producers after a 25.5 percent drop in output so far this year.

· China's State Economic and Trade Commission and its local agencies will take over the multibillion-dollar business empire of the People's Liberation Army by mid-December. Australian wine exports reached a record 106.8 million

Australian dollars (\$66.7 millioo) in September. AFP, AFX, Reuters. Bloomherg

Hyundai Electronics Ponders a Split-Up

SEOUL - Hyundai Electronics industries Co. said Tuesday it would split off its oon-semiconductor operations in preparation for a planned merger with another semiconductor maker.

"Making Hyundai Electronics into two different companies will end foreign investors' worries that money may flow into businesses they don't want to invest in," said Lee Kwang Seok, a Hyundai spokesman, "We believe the step will make it easier for us to attract foreign

iovestmeot." Hyundai Electronics executives said their liquid-crystal-display business could be turned into a joint venture with a foreign parmer.

Siemens AG of Germany, meanwhile, has expressed interest in another unit, Hyundai Electronics' \$750 million telecommunications equipment business. Hyundai Electronics executives said the company would want to keep management cootrol if it formed a joint venture with Siemens.

The moves are aimed at facilitating the planned merger of the semiconduct-or business of Hyundai Electronics Industries with LG Semicon Co. uoder an industry consolidation drive. Hyuodai Electronics Industries and LG Semicon have agreed in principle to form such a venture, with one partner taking a 70

percent stake. They have oot, bowever, been able to as the country's currency, the won, has agree who will have the 70 percent hold- tumbled against the dollar. ing and have failed to select an international consulting firm - as they pledged to do --- to make the decision for

The slow progress has raised questions about the viability of the deal, which would be a key to the drive by Seoul to consolidate major industries and increase efficiency.

Like scores of other South Korean companies, Hyundai Electronics needs foreign investment to help it reduce its debt as the country struggles through its deepest recession in 45 years. The company's debts are about nine times its equity value.

For Siemens, a stake in Hyundai Electronics would provide a foothold in the third of them representing indebted group, said the first deal under the pro-world's fifth-largest mobile-telephone companies and another third represent-gram was not likely before early 1999.

Ssangyong Asks for Help

SEOUL - Ssangyong Group, a struggling conglomerate that already has sold stakes in its debt-laden auto. securities and paper businesses, asked creditors Tuesday to bail out its two construction companies to avert bankruptcy.

In exchange, the group will sell Ssangyong Oil Refining Co., one of its most profitable businesses, and the cement-making facilities of Ssangyong Cement Industrial Co. as well as other assets by the first half of next year in order to raise 2.88 trillion won (\$2.2 billion), said Chang Chang Joon, a Ssangyong Group spokesman.

The two construction companies — Ssangyong Engineering & Construction Co. and Namkwang Engineering & Construction Co. have a combined 1.65 million won of debt, a major creditor. Cho Hung

Bank, said. The decision underscores how dire the situation at Ssangyong, once South Korea's sixth-largest industrial group, has become.

Years of reckless expansion, fueled by cheap loans, have left it and several other chaebol, or South Korean conglomerates, mired in

debt they can no longer afford. Confronted with a shrinking economy and higher interest rates, these groups are now preparing to swap entire companies at the behest of the government.

Banks Said to Face LTCB Debt Burden

Compiled in Our Stay From Preparches

TOKYO - Tokyo will ask under state control. major banks and other financial institutions to take over some of the risky loans held by the newly nationalized Long-Term Credit Bank of Japan Ltd., the daily Nihon Keizai Shimbun reported Tuesday.

The report suggests that Japanese banks could be forced to shoulder more risky industry bailout plan that Parliament enacted last mooth. The law left unclear the extent of the "category two" loans, one step below "healthy" loans, that the government

would accept. The government will ask the financial institutions to take over 3.3 trillion yen (S28.57 billion) in LTCB loans for which they were a principal bank, the report said. LTCB, the 10th-largest Japanese lender, has 24 trillion yen in assets and a total of 4.32 trillion yen in bad or

nonperforming loans. The bank has 19.5 trillion yen in healthy loans, according to the Financial Super-

visory Agency. Tokyo will also provide 2 trillion yen to LTCB, Nihon

tion since LTCB was placed

in taking over the bank. Tokyo guaranteed all of its deposits, debentures and other obligations. But LTCB has faced heavy withdrawals of deposits, forcing the central bank to provide it with further

funding, the daily said. The central bank loaned 3 trillion yen to LTCB after the loans than expected under the government decided to take over the ailing bank Oct. 23. If it gives LTCB another 2 trillion yen, the bank will have received nearly a third of the 18 trillion yen set aside for

takeovers in the bailout plan. Japan has budgeted 60 trillion yen to aid banks — more than triple the \$150 billion the United States spent to fix its savings-and-loan crisis in the 1980s. In addition to the 18 trillion ven for takeovers, the plan calls for 25 trillion yen to increase banks' capital and 17 trillion yen to protect depos-

(Bloomberg, AFP) ■ Nomura to Shut Offices

Nomura Securities Co. will close 20 of its 134 domestic branches within a year due to its huge first-half loss, the Yomiuri Shimbun reported Keizai Shimbun said, in the Tuesday, Agence France-central bank's second injec- Press said.

November 3, 1998



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Follow the arrow

(AFP, Bluomberg) Indonesian Companies Huddle With Creditors

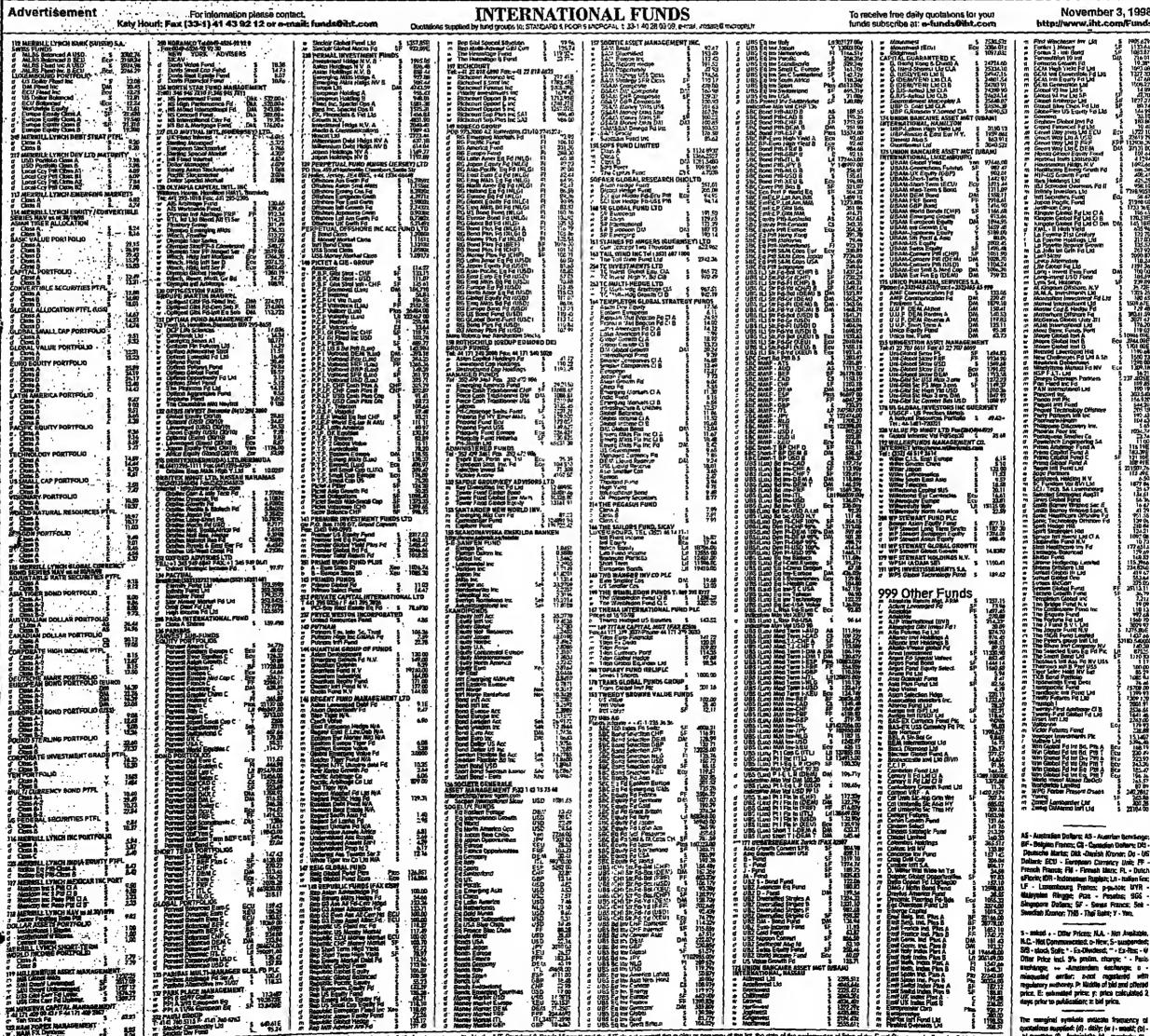
JAKARTA - Indebted Indonesian companies and their creditors held private talks Tuesday at the end of a two-day conference aimed at advancing the long process of restructuring \$80 billion in Indonesian private-sector debt.

Government and World Bank officials who had sponsored the conference said they were delighted by the turnout. More than 1,200 delegates attended, with a

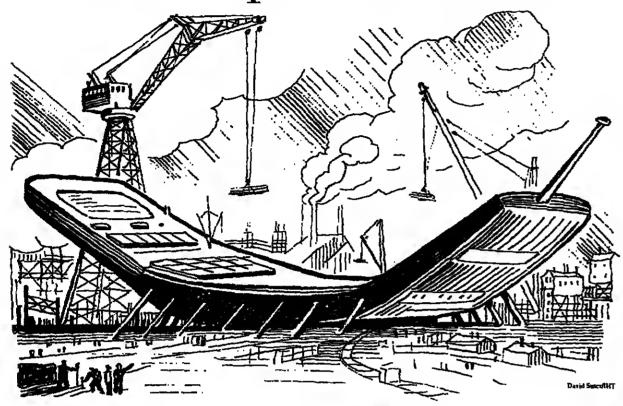
ing domestic and foreign creditors.

But they said the companies and creditors remained far apart despite the closed-door session for the two sides at the end of the conference.

A government plan to encourage outof-court private-sector debt deals, the Jakaria Initiative, was formally intro-duced at the conference. But Gerald Meverman, head of the World Bank's corporate restructuring and governance group, said the first deal under the pro-



A Cornucopia: The Data Revolution Transforms Markets



By Sharon Reier

ARIS — This was supposed to have been the year of despair for the world's giant telecommunications companies. As the European Union liberalized the telephone market and the United States opened the local market to long-distance players, and vice versa, the incumbents were supposed to have suffered at the hands

of lean, entrepreneurial challengers.
Well, the challengers bave arrived.
MCI WorldCom, Qwest, Esprit, RSL,
Colt and others are pushing down prices. But it turns out that the telecoms feast

has grown hig enough for everyone.

While growth in traditional voice telephony is relatively low and vulnerable to competitive pressures, the explosion in portable phones and, most importantly, in Internet and data transmission is producing new services, new growth patterns and new pressures no one could bave foreseen.

Data, for instance, is expected to play a greater role in mobile phones. Jorma Ollila, the CEO of Nokia Oy, the world's top mobile phone manufacturer. predicted recently that by 2005 there would be about one billion subscribers, and that a substantial portion of the phones sold that year will have mul-timedia capabilities. Then there is e-mail. In the United

States, there are 47 million adults on-line who, by the end of the year, will be sending 500 million e-mails per day, according to Forrester Research, a Massachusetts-based Internet consultancy.

sachusetts-based Internet consultancy. By 2002, said a Forrester senior analyst, Kate Delhagen, "there will be 1.5 hillion e-mails per day in the United States, or an average of 12 per person."

And Europeans, albeit more slowly, are starting to sign on, too. Forrester predicts that Europe will have 53.2 million adults on the Net by 2001. In Germany. Deutsche Telekom's T-Online many, Deutsche Telekom's T-Online already boasts 2.5 million subscribers,

the largest group in Europe.

In France, France Telecom predicts that it will have at least 400,000 internet subscribers by the end of this year. Cegetel, its main rival in the consumer market, will have 300,000.

"E-mail volumes tend to increase geometrically," said Ms. Delhagen, since "a person can send or forward email to many people with a simple key-

And e-mail is a lot cheaper than the alternatives. For some services in the United States, an e-mail is free. In Ger-

call rate, or just pennies. That competes with much higher average fax prices and over 60 cents for a letter

But this also means added pressure on telecom operators to send data through fiber optic cables and to use new transmission technology, such as Internet Protocol. Since Internet Protocol data transmission can deliver, voice, text and video, it is ideal for the kind of advanced technological applications that major corporations are requiring, like video

"This market is growing at a speed that nobody foresaw." said Pat-Chapman-Pincher, senior vice president international, for UUNet Technologies, the world's largest carrier of Internet traffic, and a subsidiary of MCI World-Com. The company's ambitions are to provide one-stop global communica-

irons shopping to multinational clients.
"Ten years ago." recalled Ms. Chapman-Pincher, "networks were 90 percent voice and 10 percent data. Now we are seeing the Idata] network traffic doubling every three months. In some areas, there has been a complete flip to 80 percent data and 20 percent voice." Keith Mallinson, managing director the Yankee Group, Europe, a tele-

Confinued on Page 22

In France, a Tilt at Microsoft

Academic Accuses U.S. Firm of Stifling Competition

By Barry James

RUSSELS - While Microsoft has been bolding its front line against the U.S. Department of Justice, it bas also been taking flanking fire from a prominent French academic, who accuses it of abusing a monopoly position to impose mediocre products in Europe and stifle

Robert Di Cosmo, a researcher and teacher at the feudal lords who seize control of writing and any other means of communication to collect a tax every time "This tax is in no way virtual," he said. "Enor-

we breathe.

month from the director of Microsoft France, Mare Chardon, who accused Mr. Di Cosmo of doing little more than "relaying unfounded rumors circulating on

Mr. Di Cosmo, co-author of a recent book called "Le Hold-up Planetaire," and an Internet-published fulmination entitled "Piege dans le Cyberspace" — "Cybersnare" in English translation — criticized both Microsoft's technology and its commercial strategy. He said the pre-installation of Microsoft's Windows Windows operating system on new computers prestigious Ecole Normale Superieure that trains amounted to a tax on computing. He also said it was a France's university lecturers, warned that Microsoft's breach of French consumer law, which states that it is practices threaten to plunge the world into 'an obscure technological Middle Ages, dominated by a few another, and of articles 85 and 86 of the European



This technology is distributed in Europe at

exorbitant prices.

In China, Conflicting Signals Foreigners Struggle to Interpret How to Do Business

By Ted Plafker

ELIING - For the world's largest telecommunications companies, the only firm truth about China is that they need to be here. A huge and rapidly expanding market in its own right, China is also a key battleground in the global struggle between competing technical stan-dards for the wireless networks of the future.

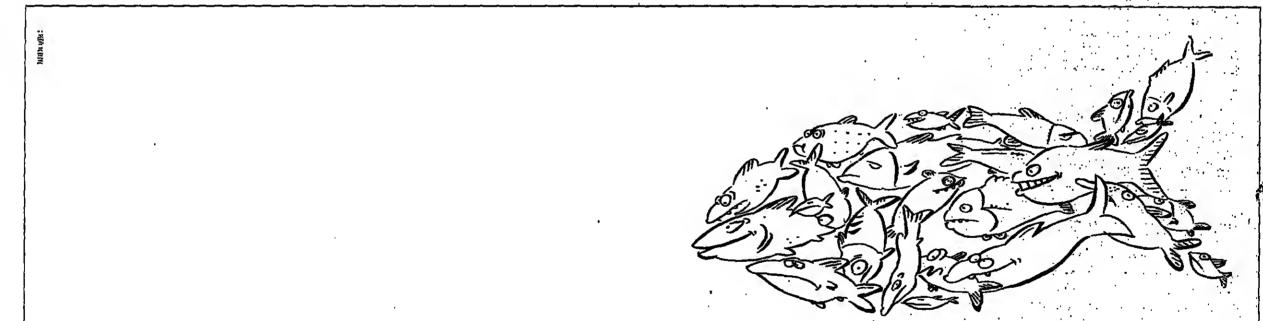
Beyond that certainty, however, everything else about the Chinese market is open to interpretation. Are foreign firms allowed to invest in Chinese networks or participate in telecoms service venures? That depends on whom you ask.

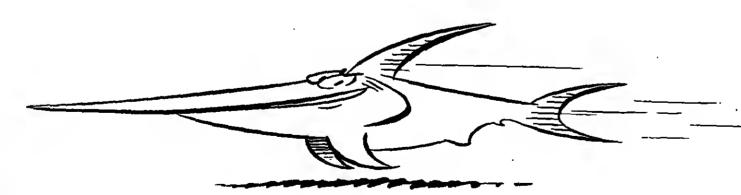
Will domestic competitors really be allowed to challenge the near-monopoly of China Telecom? Government regulators say yes, but they also happen

block competition than to foster it. And will China's People's Liberation Army get out of the telecoms business now that the military has been ordered to drop its commercial sideline activities? That order was publicly issued in July by Jiang Zemin, president of China and commander in chief of the armed forces,

but little has been done so far to implement it. Adding to the confusion, China undertook a bu reancratic overhaul this year, eliminating some min-istries and merging others. The former Ministry of Post and Telecommunications has expanded by absorbing the ministry that managed the computer industry and parts of the broadcasting bureaucracy. It is now called the Ministry of Information Industry.

"All this leaves a lot of foreign companies feeling unsure how to deal here;" said Denis Simon, director, of China strategy for Andersen Consulting.





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TELECOMMUNICATIONS / A SPECIAL REPORT

Equipment Makers Race to Get Right Products

With Explosion in Data Networking, Companies Readjust Strategies to Meet New Demands

By Tom Buerkle

ONDON — Ever since the introduction of the World Wide Web began triggering explosive growth of Internet use earlier this decade, technology gurus have been predicting a convergence between conventional voice telephony and the rapidly evolving market for transmitting data

Today, the world's leading telecommunications equipment makers are signaling their belief that convergence is at hand. Recent weeks have seen a scramble among these companies to acquire and develop the technologies to send voice, data and video around the world in the 21st century.

in October, Alcatel SA paid \$315 million to acquire Packet Engines Inc., a privately beld U.S. company that makes gigabit Ethernet switches for bandling corporate Internet traffic. The move came just a few weeks after Aleatel

To understand the excitement about data netsent its stock price plummeting 38 percent in one
day by announcing that a drop in orders for
Lucem has spent more than \$2 billion to acquire
nine data-networking equipment companies in
conventional telephone switches from its core European customers would cause profits to fall short of analysts' estimates.

Alcatel's move followed on the beels of an announcement by Sweden's Ericsson AB that it was buying Advanced Computer Communications, a U.S. maker of remote access equipment

that processes incoming interner calls.

We're getting into a market that is com-We're getting into a market that is com-pletely different. The Internet is coming into at Lucent's data-networking systems division.

almost every aspect of daily life," Sven-Christer Nilsson, chief executive at Ericsson, said recently. "We're adjusting our strategies and organization to meet that.

The European moves have imitated the agressive acquisition and development strategies of their big North American rivals, Northern Telecom Ltd. and Lucent Technologies Inc., which themselves are trying to catch up with dara equipment leaders like Cisco Systems Inc., 3Com Corp. and Ascend Communications Inc. More deals are expected, and promised, by Ericsson and Alcatel, but many analysis and industry executives caution that potential targets are getting scarce and that only a handful of companies may emerge as big convergence winners.

"They're trying to get the right products; but there are only a few people with the technol-ogy," said Stephen Koffler at Donaldson, Lufkin & Jenrette.

the past two years. Analysts estimate the business generates \$1 billion a year in revenues. More importantly, those sales are growing at a rate of about 55 percent a year, compared with revenue growth of 10 percent to 15 percent for the company's conventional circuit switches. 'It is starting to become a noticeable part of our business,"

Northern Telecom, which bought Bay Net-works Inc. for \$6.7 billion in August, last week reported that sales in its data-networking division that includes Bay jumped by one-third in

the third quarter. John W. Sidemore, vice chairman and chief operating officer of MCI WorldCom Inc., which owns the largest Internet services company. UUNet Technologies Inc., said data traffic was oo track to swamp voice. Demand for bandwidth from customers, a good measure of Internet traffic volume, is growing at an astounding rate of 10 times per year, or 1,000 percent, he said.

Mr. Sidemore predicted that data, mostly In-ternet-related, will account for 99 percent of all telecommunications traffic within a few years. The future, he said, lies in telecoms networks based on the Internet Protocol, the technology standard for Internet traffic, combined with asynchronous transfer mode switches, or ATM.

Supporting that view, a recent survey of 100 major European companies by the Yankee Group Europe found that 85 percent of respond-ents planned to standardize their data transmissions on IP-based systems within three years. and one-third planned to shift a significant portion of their voice communications from the public telephone network to their IP-based Intranets within five years.

End user corporations are trying to focus on IP as a standard protocol," said Chris Lewis, an analyst at Yankee Group. The shift should save money and management time, and allow compa-

nies to focus more on the telecom applications they use than on the underlying technology that delivers the services.

Nonetheless, there are still a number of hurdles to leap before IP systems can compete with conventional circuit switches to serve as the backbone for the public telephone network. The quality and reliability of IP-based equipment for voice remains far short of circuit switches, and IP systems do not yet offer a full menu of features.

"It's one thing to announce you're going off on this path," said Mr. Pavarini. "It's another thing to build a usable network. There are only a limited number of people who are going to be able to get there quickly.

Assuming that technological solutions will be found. IP equipment vendors are likely to face a hard sell from established telecommunications carriers, which may be unwilling or unable to write off their enormous investments in older technologies. "Carriers are very risk averse." said Maribel Lopez of Forrester Research Group

in Boston. "They're not really interested in sac-rificing quality. What they have now works." Nevertheless, Mr. Pavarini predicted that car-rier-grade IP-based networks would become a reality in three to five years, and that increasing compension from upstart telecom companies would force their adoption. "Cannibalize your business before somebody else does," he said.

TOM BUERKLE is on the staff of the In-

Limits Urged To 'Mining' of Private Data

By Brian Knowlton

ASHINGTON —There is gold these days in data — millions, even billions of dollars to be made by "mining" electronic information sources about what people buy, where they travel and what they read or eat or smoke, and then selling it to advertisers and

Companies have sprung up with the mission of sniffing out, compiling, repackaging and selling sometimes highly personal data on consumers. Increasingly, privacy advocates want limits on the often free-wheeling merchandising of such data.

The U.S. government favors self-restraint by the companies involved. But to expect serious restraint when there is so much money to be made, said one privacy ad-vocate, is like hoping "to roll a lamb chop pası a wolf."

It will take more than polite requests to slow the flow of such data, said Evan Hendricks, publisher and editor of Privacy

Times, a Washington-based newsletter. However, the European Union is trying to put some curbs in place. A European Union directive that took effect Oct. 25 lays outguidelines to protect the privacy of individuals in the 15 EU countries. It not only restricts the ways personal data can be used and moved within the EU — and provides consumers with ways to inspect and correct it - but would block its flow to other

countries without similar protections. The directive has brought sharp protests from some big U.S.-based companies that do business in Europe, notably accountancies, consultancies, travel businesses and insurers, big companies with long histories that are heavily dependent on moving information. If they are prevented from mov-ing data, they have warned, a trade war could

"If strictly applied," said Robert Vasitne, president of the Coalition of Service Industries, "the European directive could have disastrous results, halting data flows in a global economy that increasingly depends onthem." His organization represents such major companies as American Express, IBM. Bank of America and Price Waterhouse.

The EU, while not suspending its directive, has agreed to continue negotiations with the U.S. Commerce Department through year's end in hopes of avoiding any such stoppages.

BRIAN KNOWLTON is on the staff of the International Herald Tribune.

Higher Fees to Access the Internet Rankle Asians

By Thomas Fuller

UALA LUMPUR — The Internet, it has been said will bring the world the global network has spawned pockets of resentment that threaten to stir the waters across the Pacific Ocean.

At the center of the dispute are the fees that Asian companies pay to access the Internet -costs that are not shared with their U.S. comterparts who also use the trans-Pacific lines. Industry experts also fear the possibility that cash-rich U.S. companies will take advantage of Asia's economic crisis to buy struggling internet service providers in the region; further strengthening America's position as the predominant Internet power in the world.

As it stands today, Asia could hardly be more dependent on the United States for its Internet needs. Because of the lack of intra-regional links, an e-mail message sent from one Asian country to another is very likely to transit through the United States - even when the beginning and ending points are just a few hundred kilometers apart. A message from Bangkok to Manila, for instante: is almost sure to travel

across the Pacific and back, traveling 30,000 kilometers instead of 3,000.

The reason is simple: historically, Asian conntries have communicated much more with the United States than they have among themselves: closer together. But in Asia these days . Intra-Asian Internet communication is estimated at just 20 to 30 percent of total traffic in Asia.

Regarding price: Asia's dependence on the United Stares seems to make sense. The United States has the most competitive, telecommunications market in the world. Geoff, Huston, a sechnical manager at Australia's Telstra Corp., said. "The price of leasing a circuit across to the U.S. is in general either the same or lower than leasing a line that starts and ends in an Asian

And prices in the United States could fall over the next few years with the emergence of new technology that better utilizes the existing capacity of undersea cables and the laying of new

Barry Raveendran Greene, a consulting engineer at Cisco Systems Inc. in Singapore. counts at least nine new undersea cables being installed over the next two years. Despite the prospect of lower charges for trans-Pacific access; today many of Asia's Internet service providers, or ISPs, are strapped for cash:

"Most Asian ISPs are suffering." said Izumi Aizu, head of Asia Network Research Sdn. Bhd. and secretary-general of the Asia & Pacific Internet Association.

This is especially true in countries where currencies have been devalued. Asian Internet users pay the ISPs in local currency but the costs of Internet access are in dollars, squeezing profit

"The biggest operational expense for an ISP in Asia is the international link to the U.S. That's the thing that sinks the money," Mr. Greene said. A link can cost from \$70,000 to \$1 million a month depending on the size.

It is these fees that are at the center of the trans-Pacific dispute. Even though traffic flows both ways on these links to the United States, Asians pay for them.

This, too, is for historical reasons. As appetite for Internet services spread worldwide over the past few years, companies outside the United States, in order to tap into the network, were

forced to pay for their links to the internet.

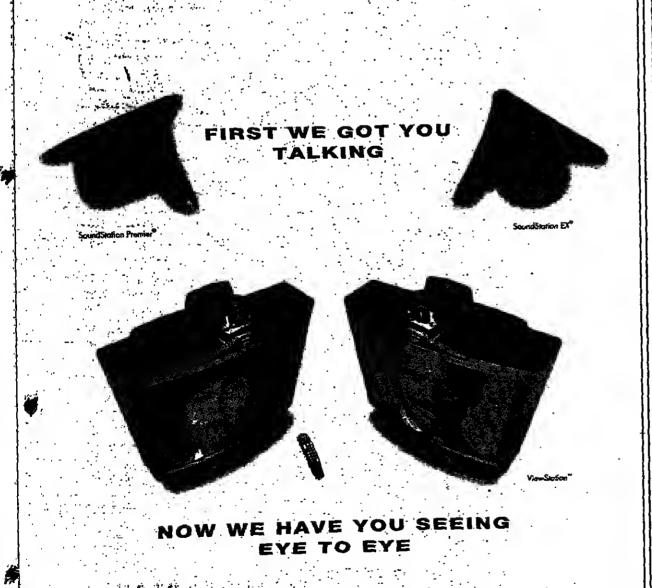
"This makes accessing the Internet outside America comparatively expensive," said Yoshio Utsumi, a deputy minister at Japan's Ministry of Posts and Telecommunications in a recent issue of Telecom Tribune, a trade magazine. "But

considering the enormous impact of the Internet as a global information network, this inequality seems likely to become increasingly resented. Mr. Utsumi's comments are particularly significant because last month he was elected secretary-general of the Geneva-based International Telecommunications Unioo, making it likely that the issue will be brought out into the open.

The current system is unfair for two main reasons, say those in the industry who favor a change in the way Asians pay for access: traffic flows both ways on these links benefiting American users by giving them access to Asian Internet users. Laina Raveendran Greene, managing director of GetIT Pre, Ltd. in Singapore, estimates that 30 percent of traffic on cables connecting Singapore with North America is outbound from the United States. With the emergence of Internet-based telephone systems, Mrs. Greene says outbound traffic from the United States

could easily climb to half of the total traffic. Second, U.S. companies that sell products on the Net - software companies, for example are profiting from the business Asian Internet users provide, but are not paying for it.

THOMAS FULLER is on the staff of the international Herald Trihune.



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KTT Mobile Communications Network, Inc.

By Aline Sullivan

EW YORK — The wave of economic misery washing over Asia and lapping the silores of many other emerging markets has done surprisingly little to dampen the expectations of mobile phone makers. Indeed, sales in most markets remain robust, at least for the big players.

big players.

Look at China. Every 50th person in the country already has a mobile phone—on par with the proportion that is hooked up to a phone tine. And the big Western manufacturers expect nothing less than stellar growth in the country, despite its recent bout of economic uncertainty.

Nokia Oy, the world's number one mobile phone maker since it ousted Moiorola Inc. from the top spot last month, expects sales in China to top 10 billion Finnish markka (\$2 billion this year, up from six billion a year ago, Nokia has 20 percent of the cellular market in China.

Ericsson AB, which ranks as the

Eriesson AB, which ranks as the world's third biggest maker of mobile phones and controls 30 percent of the Chinese market, predicted fast week that its sales in the country would jump at least 25 percent next year to about 25 billion Swedish kronor (\$3.19 billion).

On the other side of the world, Brazil

offers a similar case in point. BCP Telecomunicacoes, a new phone consortium fed by BellSouth Corp., signed up 600,000 clients in Sao Paulo in its first five months. Roberto Peon, president of BCP Telecomunicacoes, said last week that he expects to register up to 10,000 new clients a day.

Emerging markets are the engines driving the fantasuc long-term expectations of the mobile phone makers. Certainly, the potential is huge. In many developing countries, the majority of people have yet to make their first phone call. Meeting this demand with cellular and satellite technology makes far more sense than building telephone lines in the vast spaces of Asia, Africa and Latin

America.

But the developed markets are far from saturated. In Western Europe, there should be one cellular subscription for every two people by 2007, predicted a recent report on the European cellular industry by the Strategis Group. That is 244 million subscribers spending about \$100 billion a year. Worldwide, more than 300 million people now own mobile phones, a figure that is widely expected by industry analysis to triple over tije next seven years.

That pie won't be shared equally, however. Nokia, Motorola and Ericsson together control about two-thirds of the mobile phone market. Motorola's slice may soon increase if its huge gamble on tridium LLC, a revolutionary satellite telecommunications system, proves successful. The S5 billion venture, which will provide the first worldwide wireless telephone service, was developed by Motorola 11 years ago. The company has built Iridium's satellites and is acting as the principal contractor for the system's construction. Along with Kyocera Corp., it is also providing specially manufactured handsets and

As the big three battle it out for global market dominance, smaller rivals, such as Siemens AG, Alcarel SA and Royal Philips Electronics NV, stand little

chance of carching up.
Ironically, that is because the industry as a whole has enjoyed great
success. Mobile phones are increasingly
regarded as an affordable consumer
product, rather than a luxury good.

Companies are feeding this demand with a constant supply of new phones and price cuts of between 20 and 30 percent a year. That makes the market difficult to compete in for small, midsized and even some hig companies. Indeed, analysts reckon that companies need to control at least five percent of the market to generate the cost efficiencies necessary to compete effectively outside niche markets. Only the companies with the muscle to manufacture big numbers of small, inexpensive phones are the big winners in this business.

In this environment, there is little room for maneuver. Siemens, which plunged into the red this year after betting on its top-of-the-line phones when consumers were snapping up other brands for half the price, currently controls just four percent of the global market. But the company is trying to fight back by restructuring, at a cost of 1 billion Deutsche marks (\$597 million),

and hy a push into new products.

Philips and Alcatel are staying the course, at least for now. Both companies are restructuring their mobile phone husinesses, streamlining products and considering partners in an effort to return to the black. However, some analysts question whether they will succeed. Lucent Technologies Inc. and Hyundai Electronics Industries Co. are more pessimistic about their chances of slugging it out with the hig mobile phone makers.

ALINE SULLIVAN is a freelance journalist based in Westport. Connecticnt. regulates both



Billboards of movie stars advertising mobile phones in Beijing. Foreign investors are battling to seeme a stake in China's luge telecoms market.

Conflicting Signals From China Market

Continued from Page 20

At the center of this cloudy and complex picture is Wu Jichuan, the former minister of Post and Telecommunications who has taken over as chief of the Ministry of Information Industry. A technocrat who trained as a telecoms engineer and spem his whole career in the industry, Mr. Wu has presided over what has probably been the most rapid growth in telecoms infrastructure anywhere in the world,

Chinese networks have expanded 40 percent annually over the past three years. In the first eight months of this year, China Telecom added 18.51 million subscribers, including 6.84 million new mobile phone users.

Altogether, its mobile phone users now exceed 20 million. But, says Mr. Simon, Chinese demand is even greater. "It seems strange to look at this kind of phenomenal growth and say, 'It's oot enough,' but if they allowed foreigners in to help supply service, they could be growing twice as fast,' he said.

In addition to keeping foreign competitors at hay, Mr. Wu has managed to maintain the upper hand against numerous domestic rivals. He has won the struggle for control of the new ministry, and he has protected China Telecom from its only two serious competitors. That is not such a difficult feat, perhaps, since his ministry owns half of one and regulates both.

One is Great Wall Mobile Communications Co., a 50-50 joint venture founded three years ago between an army company and the old Ministry of Post and Telecommunications. Its purpose was to exploit commercially a portion of the radio spectrum that had long been allocated to the military and is suitable for use by CDMA wireless networks. CDMA, or code division multiple access, is a new mobile phone technology.

The U.S. and South Korean firms that sell CDMA say it is technologically superior to the GSM systems. GSM, or global system for mobile communications, was developed in Europe and dominates much of the rest of the world.

According to Qualcomm, a U.S. firm that pioneered CDMA, the world now faces a crucial decision about whether to reconcile the two technologies in the standards of future wireless networks.

"China could tip the table; as to which direction we go, a ward convergence or not convergence," said Joseph Lawrence, director of International Marketing for Qualcomm.

tional Marketing for Qualcomm.

But Mr. Wu's ministry has invested little in Great Wall, and has delayed the necessary approval for its testing of trial local networks in four Chinese cities. Now that the army has been ordered out of husiness and back to barracks, the future of Great Wall as China's standard bearer of CDMA is even murkier.

"The military needs to run a substantial internal communication system, so they still have to be in the game somehow." said Mr. Simon. "But they might be phased out because of political pressure, and that will be ironic because one of the big ideas had been to increase commetition."

Competition."

That was precisely the idea behind China Unicom, now the most robust rival of China Telecom. Its creation four years ago as an authorized second carrier was widely taken as proof of

China's commitment to competition.

Unicom has also been the main vehicle for foreign firms to get around rules barring them from holding equity in Chinese networks.

Unicom signed dozens of convoluted deals that gave foreign firms access while keeping them at a technical remove. Nearly \$1.5 billion in foreign investment has so far flowed to Unicom through that loophole.

through that loophole.

But it will apparently be plugged soon.
The Ministry of Information Industry and
other government agencies have let it be
known by way of private comments and
unofficial draft documents that the Unicom model will no longer be tolerated.

Industry sources say Mr. Wu and his numistry justify the move as necessary to keeping a vital piece of national infrastructure under China's own control. But the ministry's obvious interest in suppressing Unicom leads to a wide-spread perception of a conflict.

They talk about fostering competinon, but every time someone thrives, they try to buy it out, or muscle into it or take it over. Unicom never enjoyed the hudget or regulatory environment it needed to thrive, said Duncan Clark, Beijing-based telecoms analyst for BDA China.

According to Jay Hu, managing director in Beijing of the United States Information Technology Office, top Chinese leaders have taken longer than they should have, but now realize the importance of telecoms for overall economic efficiency.

They have a genuine desire to open up, and a road map for doing it. M1, Hu said.

TED PLAFKER is Beijing correspondent for The Economist.

French Academic Assails Microsoft

Continued from Page 20

mous amounts of money leave the European Union every year in exchange for low quality products that make us more and more dependent on poor technology from overseas. Furthermore, this technology is distributed in Europe at exorbitant prices, much higher than those charged in America or Canada. He backed up his allegation of poor quality with an examination of the way

He backed up his allegation of poor quality with an examination of the way that Windows bandles files by fragmenting them across the bard disk instead of storing them in logical order as on competing systems such as Unix. This, he said, made the Windows system slow and unraliable.

tem slow and unreliable.

Why, he asked, is "a computer much more powerful than the one that helped send men safely to the moon and back not capable of properly bandling a document of a few hundred pages when it is running Microsoft Office?"

Mrs. Di. Composer and the European

Mr. Di Cosmo said the European Union could create an alternative system by supporting the development of so-called open platforms such as NextStep or GNU/Linux.

SPOKESMAN for the European Commission, the EU's executive body, said that the Union could and did support research projects involving more than one country, but it had received no applications for funding a new operating system. The spokesman said that neither the commission nor member governments could support a marketing exercise for an already existing product such as Linux without the risk of being hauled before the World Trade Organization.

The commission itself uses Microsoft operating systems and programs, which it said were chosen after an open public

As to the question of Microsoft's being in breach of the Treaty of Rome, officials said the commission's anticompetition department has kept a watching brief on the question but had in effect left the investigation of the company's husiness practices to the U.S. Department of Justice.

In an open letter to customers and partners, Mr. Chardoo of Microsoft denied that the company was operating a monopoly through the pre-installation of its software oo the vast bulk of new PCs. He said manufacturers installed Windows in most cases so that they could offer an integrated product ready to use. He added that customers could huy competing systems such as Linux, Sun Solaris, Unix, IBM OS/2 Warp and Rhapsody, a version of the Macintosh operating system adapted in PCs.

operating system adapted to PCs.

To which Mr. Di Cosmo replied that any computer user installing a competing system would have a hard time obtaining a refund for the Microsoft

obtaining a refund for the Microsoft system he did not need.

Mr. Di Cosmo attacked Microsoft's

policy of giving away its software free to European schools, which he said was aimed at stifling competition and creating a generation of future buyers for its products. He cited a Microsoft agreement to supply software to the Swiss education system and train educators. "For less than the cost of an advertising-

total control of computer education in Swiss schools, and thus, of Swiss companies, for by the time the students reach the job market, they will know nothing but Microsoft Office."

"Looking into the future," he said this is not a good deal for Switzerland, but at least they have not paid for Microsoft software.

campaign, our monopolist bas gained.

Mr. Chardon replied that Microsoft was not the only company to aid education, and said it was a good thing because it helped a country like France make up for a shortage of computer

The commission spokesman commented that schools had to use the soft-ware that was already available rather than waiting for something better to come along later. He said that experience with other products, such as VCRs, had demonstrated that the first product on the market was not necessarily the best but it can gain a dominant position by establishing a standard for the entire market, as Microsoft has succeeded in doing with its Windows

was engaged on a quest to dominate the information superhighway by seeking the total cootrol of any form of transmission and processing of information, be it in education, banking, the new and old media, or right down to the privacy of our own personal correspondence. A player capable of securing a monopoly in handling this information will be in a position to tax any computer opera-

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E said the company built in incompatibilities with other software, and eveo older versions of its own programs, to oblige computer users to keep paying out for new products." If by chance one has bought an add-on product for version 5.0 (of Word), say a Spanish dictionary, it will have to be bought again for the new version," he said. "The old one will now be 'incompatible,' even though Spanish has not changed a great deal in the meantime. This is, in fact, a kidnapping of your information."

Mr. Chardon said the allegation that Microsoft sought to control all information was in the realm of science fiction. "The Internet is the most open and democratic system that exists," he said. "Taking control of it is totally impossible, and even less for a single company."

BARRY JAMES is on the staff of the

The Data Revolution Is Transforming Markets

Continued from Page 20

communications consultancy, said, "The data thing is growing enormously in percentage terms. In certain quarters it is as big as voice. The proportion of data traffic across the Atlantic already exceeds voice. Within a decade data will overtake voice transmission. We believe this is inevitable."

Even in balky markets like France, demand for data transmission has raced forward. France Telecom reported that data transmission nearly tripled in the first six months of this year, with most of the increase due to Internet-related business. While the company makes little money on the actual data transmission, said Axel Haentjens, director for strategic marketing for the data division, it does make it on consulting on, and building, corporate networks.

and building, corporate networks.

Fortune 500 companies demand data transmission services that link up all their international locations with data, voice and video. Smaller outfits also depend on data networks to do international business. But the vast anarchic internet is not sufficiently fast or reliable for many customers. So companies are pouring billions of dollars into upgrading their systems or building new ones to ensure that they are reliable data carriers. By one estimate there will be \$240 billion spent on telephone equip-

ment by the end of this year. That is good news for manufacturers of telecom

equipment.

It is less so for the relecoms. Werner Knetch, head of the global telecommunications practice for the consulting firm Arthur D. Little, said: "We are looking at a world where the price of transmitting data will go down and voice may become a commodity that would be piggybacked on data."

In this environment, "he added, "it is difficult to predict an economic model for the telecommunications world of tomorrow. But for a long time there will be a demand pull on capacity. The ultimate challenge will be the efficiency of the data transmission, the efficiency of operations and the introduction service innovation."

That is why telecom companies have recently introduced services to help merchants engage in electronic commerce. Forester Research believes this business will be worth hundreds of billions of dollars by 2002. If it bappens, telecoms could get a percentage of

In any event, as Jean-Jacques Damlamian, director of strategy for France Telecom, said, "It is better to be with the innovators than standing in the castle waiting to be surrounded."

SHARON REIER is a freelance journalist based in Paris.

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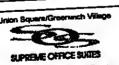
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anwhere in the man

Across a Continent, Soccer's Elite Face a Stormy Night



Vince Spadea hitting a forehand to Cedric Pioline on Tuesday.

Spadea Stops Pioline

TENNIS Vincent Spadea of the United States upset Cedric Pioline, the French No. 1, 6-4, 6-4, Tuesday

at the Paris Indonr Open.
Pioline fired nine aces to Spadea's two, hut never looked comfortable on his serve and never showed the form that has taken him

to No. 17 in the world. (AP)

Steffi Graf beat Ruxandra

Dragomir, 6-3, 6-3, Tuesday in the
Leipzig indoor tournament. It was Graf's first singles match after a two-month hreak following sur-gery on her right wrist. (Reuters)

Tyson May Fight Botha

BOXING Mike Tyson will make his comeback against Francois Botha of South Africa in Las Vegas oo Jan. 16, according to reports Tuesday in newspapers in London

and New York.
In Britain, the Independent said the fight would be at the MGM Grand in Las Vegas, In New York, the Daily News

said the fight was "a done deal." It said Tyson had received a large advance to help with his cash prob-

It would be Tyson's first fight since his license was restored last month by the Nevada State Athletic

Belgrade Match Is On

CCER Ireland will play European 2000 qualifying match with Yugoslavia in Belgrade Nov. 18, the Football Association of Ireland said Tuesday. The game, originally scheduled for Oct. 10, was postponed because of tension over (Reuters)

Beck Stays With Cubs

BASEBALL Relief pitcher Rod Beck, who could have declined his \$5.5 million salary for 1999 and become a free agent, instead added at least one more year to his contract with the Chicago Cubs. Beck saved 51 games this season. He will earn \$3.5 million in 2000. The Cubs have an option to keep him in

 Don Denkinger, whose call at first base helped turn the 1985 World Series between Kansas City and St. Louis, is retiring as a major league umpire. Denkinger, 62, said an ailing right knee had forced him to stop umpiring.

l'antage Point/ROB HUGHES

OUNTY CORK, Ireland Europe may be the honey por of world soccer, but it carries a sting for the players - and their followers as they travel to its far corners.

I write this in the Republic of Ireland, close to the place where Roy Keane, the feisty captain of Manchester United grew up. It is as far west as Europe reaches. Keane has returned from a fearful knee injury. But, to put that adversity in perspective, a local widow is mourntog the loss at sea of her 25-year-old fisherman son. Patrick Courcey was be-lieved swept overboard in almost the same spot where his father drowned

eight years ago. So wheo Keane leads United in the multimillion dollar UEFA Champions League on Wednesday, spare a moment to consider the spin of fortune that makes one mother's son rich and fa-mous and takes another's in the cruel

The waves are rough and people's homes have been invaded by the angry tide. Yet on Wednesday they will swah out their living rooms, turn away from the tragedy of seven lives lost at sea in 48 hours, and switch on the "live" broadcast from Manchester where United plays Brondhy. Since United scored six goals in each of two games it has played against the Danes this sea-

son, those viewers who prefer something a little more competitive have only to flick that switch to tune into Dynamo Kiev versus Arsenal.

There it will be cold. The Ukraine —

and Russia where Moscow Spartak entertains Inter Milan in a crucial matchare as far east as this all pervasive tournament is played. Yet its appeal reaches even further east, just weeks ago I sweltered in a crowded Kuala Lumpur bar where the attraction of Europe's prize tournament exerted a compelling hold on the audience.

For 90 minutes, the sport shrinks the globe, pulls us together. And though we see on those same screens the appalling human cost of the Nicaraguan hurricane, for that hour and a half we center on the swirl of players whose careers

hinge on performance.

Kiev, for example, is at the heart of a freshly independent nation. Dynamo Kiev is the core of the Ukraine national team that leads a Euro 2000 qualifying group containing Russia and France. Valeri Lobanovsky, the old fox, trains Dynamo in a pattern utterly modern in its hlead of athletieism, tactical flex-

ibility, highly concentrated teamwork. Two weeks ago, in front of 73,000 Loodoners, Kiev outplayed Arsenal at

Wembley Stadium. The score was 1-1, but that was a travesty. Andrei Shevchenko, arguably the finest center for-ward in Europe, had a perfectly ex-ecuted goal erroneously ruled offside. With speed and power, with virile movement here; there and everywhere, he was the attacking huh of a team which passed the ball with stealth and

imagination beyond Arsenal's ken.

Now, in Kiev's spartan, spacious bowl, Dynamo should hold the advantage. Shevchenko has the complete center-forward's armory, but he has a blind spot. He seldom sees colleagues, even his strike partner Sergei Rebrov, seldom passes when they have run enthusiastically into better scoring positions.

Yet a host of moneyed clubs would pay whatever it takes to lure Shevchen-ko from the east. AC Milan, it is said, has agreed to buy him for \$30 million in January. Arsenal would like to huy him, Manchester United made a bid.

The Ukraine is a ferociously partisan place. Those who leave Dynamo for. Western money are forgiven. But there is a third category, epitomized by Andrei Kanchelskis — who has squandered for-tunes at Manchester United, Fiorentina and Glasgow Rangers. He opted to play for Russia, the enemy, when the Soviet

Lobanovsky, a math professor and a Kiev player in his day, has a paternal hold on his "boys." Oleg Blokhin, one of the first wave of Lobanovsky's Dynamo apprentices, stayed in Kiev and is now a centrist member of the Ukrainian Parliament Oleg Kutznetsov, another star of that team, is a banker in Kiev. And while Lobanovsky himself becomes as rounded as the vodka bottle he cannot always resist, his latest pupils have other reasons not to fly the nest.

. "I have the impression no hachelors are left in Kiev except me," Shevchenko was quoted on a Ukrainian Web site as saying. He's not sure whether it's the goals, the money, or the status symbol Mercedes that attracts the girls.

THE men, over 80,000 of them who will crowd into the Olympic Stadium on Wednesday, are drawn to Kiev's soccer talents. Dynamo must win or effectively go out of the Champions League. Arsenal arrives wary and weary. Dennis Bergkamp, who scored its goal in London with a flying header, has a phobia about air travel, and Kiev by land and sea is a journey too far.

Without Bergkamp, without the sturdy defense of Tony Adams and the swift Marc Overmars, both injured, Arsenal is at Kiev's mercy. Adams, indeed, was one of three Arsenal players who came to southern Ireland hoping the spa waters from the sea might soothe

his back strain. It failed.

Meanwhile, Inter visits Moscow. If it fails, its coach, Luigi Simoni, will very likely be dismissed. Inter has a phenomenal array of forwards — Youri Djorkaeff of France: Ronaldo of Brazil. Ivan Zamorano of Chile, Nwankwo Kanu of Nigeria, and Roberto Baggio and Nicola Ventola, the old and the young of Italy.

But the attack isn't playing well enough to overcome defensive faults. The recurring allments of Baggio and Ronaldo deny Massimo Moratti, the oil baron who bankrolls Inter, the pleasure of seeing them together. Inter has lost three successive Italian league games.

Simoni, a nice man who had a long journey through lower division clubs, must win where Real Madrid failed in must win where Real Madrid failed in

Moscow if he is to keep his job. "I have made mistakes, more than anybody," he said. "But others must assume their responsibilities. President Moratti must make his decision with

Calm, from the unforgiving waves of the Atlantic ocean to the hiting Siberian wind, is not always at human command.

Rob Hughes is chief sportswriter of The Times of London:

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Bordeaux and Parma Advance to 3d Round

French Club Defeats Vitesse Arnhem, 2-1

The Associated Press

BORDEAUX — Bordeaux defeated Vitesse Arnhem, 2-1, on Tuesday, to qualify for the third round of the UEFA

Cup with a 3-1 aggregate victory.

Although the French team won the first match, 1-0, in the Netherlands, its victory was in doubt until the 64th minute when Silvain Wiltord, who scored in the first leg, made it 2-1 on the

night.
Michel Pavon, who recovered from a knee injury to captain the French team.

THE WEFA CUP

hit an 18-meter right-foot shot that the kis, could not hold, and Wiltord was perfectly placed to fire in from close

Arnhem had tied the aggregate score in the eighth minute when Louis Laros crossed from the left and Arco Jochemsen, left unmarked by the home defense, planted a firm header past Ulrich Rame.

But within two minutes, Bordcaux made it 1-1 when the midfielder Johan Micoud beat a defender and curled in a fine left-footed shot from the edge of the penalty area.

In driving rain, both teams had opportunities to score again. Seconds before halftime, Bordeaux's Lilian Laslandes fired a left-footed drive that was hrilliantly tipped over hy Chaniotakis. Then, 10 minutes into the second half, Amheni's Greek striker Nikos Machlas volleyed past Rame from just inside the penalty area.

The linesman called offside, but TV replays later showed that Machlas was at least a yard onside. Bordeaux's Ali Benarbia was sent off in injury time

after receiving two yellow cards. Parma 2, Wisla Krakow 1 In Parma, Italy, Parma moved into the third round on a 3-2 aggregate score following a 2-1 home victory against Wisla Krakow.

The victory at Tardini stadium added to a 1-1 draw in the second-round, firstleg of the European soccer competi-The Italian midfielder Stefano Fiore

scored the opening goal in the 21st minute with a powerful drive from the

penalty-area edge.
An own-goal by Bogdan Zajac made
it 2-0 in the 46th minute. The Polish defender diverted a volley by Parma's French midfielder. Alain Boghossian. in part by scoring his team's only goal in injury time, in the 93d minute.

The Italian team, showing winning form and determination following Saturday's 2-0 upset of the Italian league leader. Fiorentina, pressed on the anack for most of the game and left a few chances to the opponents only in the last 20 minutes of play.

■ Top Clubs Want Bulk of Cash

Europe's top clubs on Tuesday de-manded half the revenue generated hy the revamped Champions League as a reward for shunning a rival Super League, The Associated Press reported from Geneva. UEFA, the governing body of European soccer, expects the competition to bring in \$400 million to \$600 million. At a meeting in Geneva, the biggest clubs said 50 percent of that revenue should be split between them. They said the remaining 50 percent should be awarded under the current system of match and performance fees. Smaller cluhs would therefore be guaranteed almost no income.



Jezabeel, left, leading Champagne, second from left, and Persian Punch, bottom, across the finish line.

Jezabeel Triumphs in Melbourne Cup

MELBOURNE - Jezabeel, a New Zealand-bred mare, retook the lead in

the closing stretch Tuesday to gain a narrow victory in the Melbourne Cup. Champagne, another New Zealandbred mare, powered past Jezabeel about 200 meters from the winning post. But Jezabeel, ridden by Chris

Munce, fought back to win by a neck. The five-year-old Jezabeel was heavily backed for the 3,200-metet (2mile) handicap event by almost 100,000 bettors, and the horse's odds closed in from 14-1 on Monday to 6-1

at post time. The three places behind Champagne looked to prepare Faithful Son. The

Taufan's Melody and Yorkshire.

Seven of the entries were not from Australia or New Zealand, prompting complaints from local trainers that superior Australian horses had been un- Faithful Son faded to seventh after fairly left out of the race which has a being in the firing line in the home purse of 2.8 million Australian dollars stretch. (\$1.7 million).

the first runner in the Melbourne Cup from Sheikh Mohammed ibn Rashid al Maktoura's Goldophin stable in England. Apparently, no detail was over-

were filled by British horses. Persian stable's personal farrier, Jim Bayes, was Punch was third, closely followed by flown in by private jet over the weekend to inspect the horse's hooves.

But fears expressed by the jockey Frankie Dettori that the horse might not stay the distance were borne out as

Australian bettors spent about 150 Faithful Son, the early pre-post fa-million dollars on the race through vorite who eased from 5-1 to 13-2, was betting agencies and bookmakers. Millions more were bet in office pools. The host state of Victoria has a public holiday for the race, always held on the first Tuesday in November.

(AP. AFP, Reuters)

Colorado Notches First Road Victory

GREENSBORO, North Carolina -Peter Forsberg scored his first goal of the seasoo and finished with three points as the Colorado Avalanche won their first road game of the season, 3-2, over the Carolina Hurricanes.

The Avalanche have won three of their last six and have split their first two games of a six-game, 11-day road trip - the cluh's longest in eight years.

. "The boys have been under lots of pressure lately," the team's rookie coach, Bob Hartley, said. "We can feel

NHL ROUNDUP

that we're huilding momentum, and all we need is a couple of good games together to really get back on track." Asked if he was included in those

feeling pressure. Hartley, who took over for Marc Crawford in June, nodded affirmatively. Crawford won the Stanley Cup with Colorado in 1996 - and three straight Pacific Division titles - prior to

Hartley's being named head coach. "We're a team, we're a family and we all feel pressure." Hartley said. This business is all about pressure. . You have to learn to deal with it on a

daily hasis. Forsberg got his first goal of the sea--son on Monday night after taking 32 shots on net in nine games without scoring. He beat Arturs Irbe with 8:54 left in the third period. He also assisted on . Colorado's first goal and on the eventual game-winner by Rene Corbet with

. 4:04 left. "It was not an average guy having a great night, it was a great player taking an advantage of some opportunities. the Carolina coach, Paul Maurice, said of Forsberg, who has scored at least 25 goals in each of the last three seasons. Irbe was the NHL player of the month in October with an 0.76 goals-against Laverage. But it didn't take Colorado



Florida's goalie, Scan Burke, blocking the Islanders' Claude Lapointe.

long to rattle the hottest goalie in the league, as Claude Lemieux blasted a shot between Irbe's legs at 1:19 of the first. Carolina had gone six straight games without allowing a first-period goal before Lemieux's tally, the 302d of

his career. "Colorado played against us like a desperate team," Irbe said. Referring to Forsberg, he added, "Unfortunately I had to be the first one to let him get out

of his slump. Kevin Dineen scored his first goal of the season three minutes after Lemicux's goal to tie the score. Nelson Emerson scored his second goal of the year with 2:32 left in the third period to pull Carolina within one

islanders 6, Panthers 2 Robert Reichel had two goals and two assists to lift host New York over Florida. Bryan Smolinski added two goals, and both Trevor Linden and Claude

Lapointe had a goal and assist. At 6-5, New York cracked the 500 barrier for the first time since Nov. 19. 1997. The victory also gave the Islanders a share of first place in the Eastern Conference with Philadelphia

and Ottawa. Oilers 5, Camucks 3 in Edmonton. Josef Beranek scored twice and assisted on Bill Guerin's league-leading ninth goal of the season as the Oilers pushed Vancouver out of first place in the Northwest Division.

SCOREBOARD ICEHOCKEY

Carolina I 0 1–2

1st Period: C-Lemieux 4 [Forsber] 2

Carolina, Dinean 1 (Mandonville, Emerson)
2d Period: None, 3d Period: C-Foesberg 1

(Kamensky, Greator) 6 C-Corbet 2

[Forsberg 1, Carolina, Emerson 2 (Chlorston, Wester) Shorts on goal: C-67-15–23.

Carolina 9-57–21. Goalies: C-8filington, Carolina (the. Shoulde. 1 1 6–2 Dates 34. Philadelphia 0 CRICKET

N.Y. Islanders

13 Paried: New York, Smolinski 3
(Reichel Linden) Lipit, 2 F. Niedermoyer 3
(Svehita, Gagner) (pp), 2d Paried: F- Linden)
(Muller, Garpenion) J. New York, Smolinski
4 (Reichel, Odficht (pp), 5, New York, Reichol
2 A. New York, Linden 5 (Lapaintel 2d
Paried: New York, Cinden 5, Remonth (Sinden)
New York, Lapaintel 4 (Lacharucz) Sinds ea
geat: F. 2-7.3–72. New York, 6-15-8–72.
Goodies: F. Burke, New York, 6-15-8–72.
Goodies: F. Burke, New York, 6-15-8–72.

Educación 2 2 1-3
1st Period: E-Lindgren 1 (Fodicon) 2. EBerusel, 3 (Mironov, Homriki) (ppl. 2st
Period: E-Folicon 3 (K.Brown, Smyth) (ppl. 4. V.Consery 2 (Hoskund) 5. E-Gordin 9
(Bernseck, Miromov) (ppl. 6. V.Hassier o
(Holden, Hedicon) 3d Period: E-Bernsek 4
(Gries, Mironov) 8. V.Ascoin 4 (Messiund)

m Australia: 334-8 dec. and 268-3 dec England 371 and 197-4 GOLF

1. Tiser Woods, U.S. 11.98 per 2. Mark D'Meern, U.S. 10.54 1. Dovis Love 3d, U.S. 9.94 4. Dovid Davol, U.S. 9.93 5. Enic Ets, South Africa, 9.61

Colin Mentgemene, Britoks, 9.37
 Nick Price, Zimbabwe, 8.59

t. Viery Singh, Fig. 8.39 9. Lee Westwood, Birlan

WESTERN AUSTRALIA YS, ENGLAND

WORLD BANKING

TENNIS

Tottenham Hotsper 2. Charlton Americ 2

**Transpensor: A. Villa 22 points; Man. U.
21: Arsonol 38: Middlesbrough 17: Liverpool
16: Chelseo 16: Lelecster 16: West Hom 16:
Tottenham 15: Loeds 14: Derty 14: Newcostle 14; Wimbledon 14; Charlton 14: etc...

10. Phil Mickelson, U.S., 7.96
11. Fred Couples, U.S., 7.90
12. Jim Furyk, U.S., 6.93
12. Missoli Dzaki, Jopan, 6.89
14. Greg Noman, Australia, 6.49
15. Jesper Parrently, Sweden, 6.44
16. Justin Leonard, U.S., 6.18
17. Steve Eikinglon, Australia, 6.18
16. Mark Calcarvectria, U.S., 5.43
19. Tom Wolson, U.S., 5.47
20. Damen Clarice, Eritsin, 5.39

Siavic Progue a. Balogna 2
Balogna won 4-1 on aggregate
Parma 2, Wisla Krakow 1
Parma won 3-2 on aggregate.
Bardeaux 2. Amhers. Natherlands

Bordeoux won 3-1 on organizate.
Club Bruges 3, Stuttgart 2
Dilb Bruges Hon 4-3 on organizate.

Monaco won 7-3 on aggregate. ENGLISH PREMIER LEAGUE

Annaco 4, Graz 0

SOCCER

WINA CUP

1. Lindsay Dorentpart, U.S., \$677 pole
2. Mertina Hingls, Suntzerland, \$202
3. Juan Navelhu, Czech Republic, \$24,
4. Arantan Sanchez Vicaria, \$pain, \$3,
5. Verus Williams, U.S., \$280
6. Mankat Seles, U.S., \$110
7. Many Plerce, France, \$2,743
6. Capachia Martines, \$666, \$2,144 7. Many Pierce, France, 2,743
8. Conchine Martinez, Spain, 2,344
9. Nathetic Touziet, France, 2,342
10. Pathy Schryder, Switzerland, 2,165
11. Anno Kenmikawa, Rossia, 1,919
12. Sandnine Testud, France, 1,839
13. Dominique Van Ross, Belgium, 1,879
14. Irina Spirlen, Rohapsia, 1,866
15. Amanda Coefas, South Africa, 1,675
16. Natastin Zeeran, Bellarus, 1,826

16. Notasha Zvereva, Belarus: 1,526
TESTRES BARREROS

1. Pete Sampras, U.S., 2,590 points
2. Marcelo Ries, C.File. 2,702
3. Patrick Rather, Australia, 3,489
4. Carlos Alays, Spain, 2,959
5. Andre Agansi, U.S., 2,867
6. Alea Carvella, Spain, 2,959
6. Alea Carvella, Spain, 2,959
7. Karol Kucera, Sirvalda, 2,620
8. Yevgeny Katelmiton, Russia, 2,581
9. Richard k.rafick, Nathertands, 2,541
9. Richard k.rafick, Nathertands, 2,541
11. Petr Karda, Czech Republic, 2,301
12. Garan buniseric, Cradita, 1,963
13. Greg Russelal, Birthum, 1,979
14. Jan Siemeriak, Natherlands, 1,963
15. Johns Birthuma, Swadon, 1,235
16. Albert Casha, Spain, 1,823

TRANSITIONS RAFGIALL

MAJOR LEAGUE BASEBALL MATIONAL LEAGUE

ATLANYA—Named Don Baylor ming coach and Glern Hubbord Tel-be coach Ned Yest from bullipen coache 3d-base coach Bobby Daws from 3d-base coach to bulles; coach, and Pat Corrales from 1st-base coach

base cooch to bench couch.
CHICAGO—Agreed to terms with RHP Rad
Beck on Z-year contract.
LOS ANGELES—Mamed Miles Sciosdo manager of Albequerque, PCL
N.Y. METS—Named John Gibbons manager

NATIONAL POOTBALL LEAGUE
CLEVELAND—Nomice Lef Heneghon as-sistent director of tootbod operations.

FHILADELPHIA—Signed CB Bobby Toylor
to 6-year contract extension and DE Greg to 4-year communication of DE Gray
Jefferson to 4-year communication.
SAN DINGO-Signed S Dedrick Dodged, Pg.
CB Paul Bradford on Injured reserve.
SEATTLE-Released PR-WR Rennile Har-

KATIONAL HULLEY LEAGUE CALGARY-Recalled II Sami Helenius from CHICAGO Re-cassigned RW Ty Jones to Spokuma WHL onto D Alain Nasreddine to Portland, AHL, Assigned F Ed Olcyzk to Chicago of the IHL.
FLORIDA—Assigned F Dwayne Hay to New
Haven of the AHL.

Haven at the Alph.

LOS ARGELES.—Recorded C OM Johless
from Springfield, AHL, Put C Jazel Stumpel
on injuried reserve list, retroactive to Oct. 19.

MASHVILLE—Acquired C Cliff Renning and
II Richard Linheer from Phoenix for future
considerations.

entiderations... NEW JERSEY-Signed (1 Scott Wiede muliyear controct. N.Y. BANGERS--Put RW Alexet Koyalev of 7-day Injured reserve. Recalled LW Vigetanir Verablev from Hartford, AHL PHOEMIC PROCESSO OF BYOM Helper and LW Louke DeBrush from Los Vegos, IHL F. PITTSBURGH—Assigned D Tom O'COMEN. TO SYNCISE, AMIL

VANCOUVER_Recalled C Josh Holden and G Mike Valley from Syracuse, AHL Put LW Brad May on injured reserve COLLEGE " SENTUCKY—Suppended: juniar. F. Myron Anthony, sophomore C Ryan Hogon and in-pler C James! Magisine for field 4 games of marts baskethall sesson, including 2 regulareason games.

MEMPHIS—Basketboll ream coach The
Yes suspended indefinitely F Shamel Jones
and F. Kelly Wise from for violating team

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Cowboys Shoot Down Hapless Eagles, 34-0 In Weak NFC East, Dallas (5-3) Is on Top State Later State Design Sanders. Sanders. Sanders. Sanders. Sanders. Sanders. Sanders.

New York Times Service -

PHILADELPHIA - Call the National Football Conference East what you wish: lousy, lame, weak, ghoulish, sorry. But the Dailas Cowboys do not want to hear it. Just call them the frontrunners. With half the season over, they are first in the division.

A thorough 340 thrashing of the lousy, larne, weak, ghoulish and sorry Philadelphia Eagles on Monday night Passired the Cowboys of the top spot. Dallas is 5-3, and no other NFC East team has a winning record, the only division in the National Football League with such a distinction. The bottom three: teams in the division (Giants, Eagles and Redskins) are a combined 5-19. The Giants (3-5) are up next for Dallas. The Eagles are a horrendous 1-7.

Philadelphia was trailing, 17-0, by halfume Monday, and in the third quarter watched Dallas score on Troy Alkman's nine-yard touchdown pass to tight end David LaFleur. By the time Emmitt Smith rambled 15 yards for a touchdown early in the fourth quarter to but Dallas ahead by 34-0, most of the Eagles' fans were long gone and so were the Eagles' hopes of anything good hap-

pening
Aikman played well in his first game cack after missing five because of a groken collarbone. He completed 14 of 26 passes for 171 yards and two touch-downs and left the game with more than

nine minutes to play.

The game had just enough big plays to hold the fans' attention. Too bad for the Eagles that they were all Dallas plays. though Alkman was sacked on his first

game came just before halftime - courtesy of Deion Sanders. Sanders had played possum on his previous punt return, signaling for a fair catch even though there appeared to be running room, and simply catching the ball and

tossing it to an official.
But on the next Philadelphia punt, Sanders caught the ball, took a quick step toward the middle and then broke down the right sideline. Sanders, 31 and in his 10th pro season, sped through the Eagles' defenders and then showed a burst of pure speed at the end. Sanders still delights. This return was

for 69 yards and a touchdown that made ir 17-0 Dallas with 1 minute, 49 seconds left in the half. Right then, the Eagles looked stuffed. Their main problem was

that another half remained.

This was Dallas's 55th appearance on "Monday Night Football." Only Miami (57) has more. It was also the fourth straight season that Dallas and Philadelphia had met on a Monday night. Dallas has won all four. And Dallas, with a 31-7 victory over the New York Giants on Sept. 21, made it 2-0 on Monday nights this season. Sanders returned a punt for a touchdown in that

It was 10-0 after one quarter, a quarter in which Philadelphia ran 10 offensive plays and gained no yards passing. It was also a quarter in which Rodney

Peere, the Eagles' quarterback, injured his right hand on the Eagles' first offensive series. He did not return, and that proved costly, quickly, to Phil-

Dallas got things started right. Al-The most exciting moment of the snap for an eight-yard loss, he and the



The Eagles' Bobby Taylor, left, pushing Michael Irvin of the Cowbovs out of bounds in the first quarter.

Dallas offense righted themselves and drove 14 plays, keeping the ball for 7:06 and roaming all the way to the Eagles' 16. Richie Cunningham kicked a 33-

yard field goal to put Dallas ahead, 3-0. On Philadelphia's next possession. Peete was injured and the Eagles punted. The Cowboys punted it right back. Peete's replacement, Bobby Hoying, then tried to hand the ball off to Charlie Gamer on his first snap. The exchange was way off. Garner, though, was the one who bobbled it most, fumbling the ball to Dallas at the Eagles' 11, where Kavika Pittman recovered.

Two plays later. Aikman zipped a tight, sharp throw toward Michael Irvin. livin ran a deep pattern in the left corner of the end zone and caught the ball for the score. The conversion gave Dallas a 10-0 lead with 1:27 left in the first quarter. It only got worse for Philadelphia. In the final seconds of the first quarter, the Eagles celebrated when running back Duce Staley burst through a stunting Dallas line and sped 46 yards to the Dallas 37. That was easily the Eagles' highlight of the half. But a Hoving pass was intercepted on the same drive, early in the second quarter.

 Bobby Taylor, Philadelphia's top cornerback, agreed to a reported \$28 million, six-year contract extension hours before the Eagles' loss to the Cowboys, The Associated Press reported from Philadelphia "I love this team and despite our record I wasn't going to give up. Taylor said. I still have a positive attitude that something good will come out of this season."

Philadelphia also signed the defensive end Greg Jefferson to a four-year extension. Both players would have become unrestricted free agents at the end of the season.

Union Head Sees Start of: **NBA Season** In January

By Mike Wise New York Times Service

NEW YORK - Billy Hunter. the executive director of the National Basketball Players Association, dispelled any notion that the team owners and players were headed toward a settlement soon. despite long, intensive bargaining sessions and optimisoc remarks by union officials and players last

On the day before the season was originally scheduled to start, Hunter said Monday that no agreement was imminent in the labor impasse.

He added that he thought the season would not begin until next

"My gut tells me that in January we could be playing," he said in a conference call with reporters. "I would anticipate the season would start around the first part of Janu-

Russ Granik, deputy commissioner of the National Basketball Association, said he agreed with Humer that an agreement was not close.

Humer's declaration came after representatives of the owners and players met for about two and a half hours at a New York law firm.

Hunter said that he was trying to stop recent news media speculation that an agreement would be reached as early as this week.

The Best Math Department? Today, Colleges Just Want the Best Stadium

By Bill Brubaker: and Mark Asher

T TASHINGTON - The most expensive campus arena in the history of U.S. college ath-

letics opened Tuesday.
The Ohio State University basketball. team opposed to new season at the Buck-eyes' new home, the Value City Arena at the \$106 million Jerome Schotten stein Center. The center is a 63,000-\$1.2 billion to build or renovate sports square-meter complex with 19,500 facilities. Four universities in Texas acceas, a sprawling donors club and 49. counted for almost \$300 million. Ohio plush suites where the menu includes marinated grilled shrimp, baked brie en ball stadium, is spending \$260 million. croute, bacon-wrapped scallops and, at \$140 a bottle, Dom Perignon.

"All the amenities!" said Jim O'Brien, the Ohio State men's basketball coach, who speaks about the arena with breathless exuberance. I mean our arena is wired for the top-level, high, state-of-the-art icclinology that is going on in America today! We have high scoreboards on all four comers! We have an instant replay video board! A restaurant! Escalators! For a college facility to have layour suites environment. cility to have luxury suites encircling

the entire facility. I mean, they have not pared any expense.

This is the new face of intercollegiate athletics: building and upgrading fa-cilities that are more luxurious than the next guy's and using them to lure athletes and Dom-sipping donors,
"It's a frenzy now," said Bill Moos,

the University of Oregon's athletic director, who plans to expand his football stadium by more than 10,000 seats and recently opened a \$12 million indoor football practice facility. "It's one-up-manship. The name of the game is re-

A sampling of 25 major-college ath-lenc programs found that, since 1996, these schools had spent or committed · State, which is also renovating its foot-"Intercollegiate athletics has gone

too far," said Shelley Payne, a microbiology professor who chairs the University of Texas's faculty governing body. "This has become huge — a big enterprise. It's time to say: Enough." In the midst of a \$90 million sports facilities expansion project on the Austin campus, Texas faculty members have formed an ad hoc committee to discuss

tem work best." Payne said. -Obio State finds that, in addition to education and intercollegiate athletics. it is now in show business, co-promoting concerts, circuses and World Wrestling Federation exhibitions that

have been booked to keep Schottenstein

what the entire university wants from

athletics and how can we make the sys-

Center viable. The arena is so heavily booked that Ohio State's hockey team rarely will have an opportunity to practice on its home ice this season.

One Ohio State supporter, George Steinbrenner, the New York Yankees' owner, said state-of-the-art stadiums

and arenas were a necessity.

He said: "I bave a favorite saving: Some of the lessons you learn in the classroom and in the library are very important, but so are the lessons you learn in the stormy billows of the line of

Recruits walk into this stadium now and their mouths drop open.

scrimmage." Steinbrenner attended graduate school at Ohio State and is leasing a \$65,000-a-year suite at the new arena. "I'm not saying to athletes: Neg-lect your books," Steinbrenner said. "No way. But neither am I saying to the academic community that you're the only thing that counts. 'Cause you are not.'

Many university officials say that without new or upgraded facilities, they cannot successfully recruit star athletes in the major revenue-producing sports - football and men's basketball. With-— football and men's basketball. Without star athleres, they say, these fearns and a \$1.5 million "Spanish Renaiswon't win. Without winning teams, sance-style" women's softball complex.

ticket sales will fall and boosters will not reach for their checkbooks. With reduced revenues, the university's entire athletic program will be in peril.

Typically, college sports facilities are

funded through a mixture of private donations, state grants, naming-rights gifts, ticket surcharges, student fees, university-issued bonds and revenue from luxury suites and personal seat licenses. where fans make one-time donations and get first crack at the best seats. "It's somewhat distressing," said

John DiBiaggio, who resigned as president of Michigan State University in 1992 after a dispute with the board of regents over making the football coach the athletic director. An institution builds an indoor football practice field and all the competing institutions say they must have one as well. That's why each gets more elaborate than the last."

Nowhere is the building frenzy more apparent than in Texas, where college football is a sacred Saturday ritual. In College Station, Texas A&M is building a 10,000-sear, \$33 million struc-

ture behind one end zone and "the largest collegiate stadium club in the country. In Lubbock, Texas Tech plans to add suites, a new press box and a new facade to its stadium at a cost of \$47 million. It also is building a \$53 million. 15.000-seat

At Southern Methodist University in Dallas, there's a \$43 million, 32,000-seat football and soccer stadium and 124,000-square-foot all-sports center on the drawing board with 17 suites.

The University of Texas's \$90 mil-lion project includes stadium enhancements such as a new grass playing field; a Sony Jumbo Tron video system; a con-cession plaza; a 132.000-square-foot club hospitality room; a 5,000-seat upper deck and 66 suites.

TIFTY-FIVE of the 66 suites have been sold, according to Christine Plonsky, the associate athletic director in charge of selling the project. Each suite has 12 leased for between \$39,000 and \$65,000 a year. Eighty percent of that cost is tax deductible as a charitable contribution because universities are treated as notfor-profit enterprises.

Recruits walk into this stadium now and their mouths drop open. Plonsky said. "We went from a 3,300-squarefoot weight room to a 16,000-square-foot weight room. We put brand new football coaches offices over there. Brand new locker room. Brand new players' lounge. Brand new video team rooms. A sports medicine area that is state-of-the-art. We have corridors which show our NFL player history and our academic all-Americans. A lot of this is about presentation. Recruiting is nothing more than

selling. We're appealing to a young group of people who can look around and say: Who has it better than this?"

The University of Texas's athletic department hasn't used state or uni-

versity funds for its projects. And the university is upgrading non-sports facilities on campus. Still, some faculty members are asking: Do the less than 0.3 percent of students who play intercollegiate football really need so much?

"For the most part, the faculty is not anti-athletic," said Payne, the microbiology professor who chairs Texas's Faculty Council. "People do recognize this serves an important function in terms of building community, of bringing people leave a bad taste in people's mouths when the library is not able to renew a journal they need for their research.

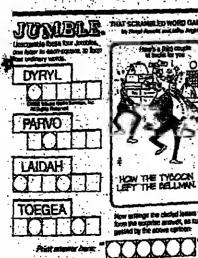
'I'm in a building that was built in 1950 and is terribly antiquated for the type of molecular biology we do today. We need \$66 million to renovate this

"We just got the estimate on that. So people just throw up their hands and say, We're sorry you're going to have to deal with the conditions you're in because that type of money is not available. Having one of these highly visible, very public, elaborate stadiums does give the impression that the university has plenty of money that perhaps the school isn't in need of funding."

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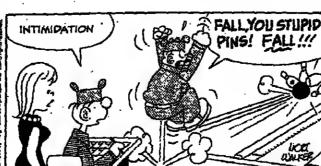




















CALVIN AND HOBBES













NON SEQUITUR











Winnie the Amateur

By Russell Baker

NEW YORK — It's just after Halloween, so let us salute Winnie Judd, trunk murderess. She died the other day in Phoenix, age 93. The Times obituary laid her out in grand style, with a full account of her 15 minutes of grisly fame back in long-ago 1931. Arriving in Los Angeles by train from Phoenix, she had two trunks unloaded, one of which, an observant poner

bleeding. Examination disclosed one trunk packed with the consplete body of a 32-year-old woman; the other, with the body of a 24-year-old woman "neatly cut into three pieces."
the Times obituary explained, "to make it easier to pack."

told the law, seemed to be

You can tell this was back in the Stone Age. Americans not only traveled by train, they also carried heavy luggage. Nowadays she would ship everything by UPS.

The details of the trial are humdrum. Winnie, as the tabloids called her, claimed self-defense: the prosecution called it a cold-blooded act of

murderous jealousy. Convicted, she was sentenced to be hanged, then excused from the gallows on grounds of insanity. After seven escapes from mental institutions, she was set free

Crime has declined since Judd's day. The murders that fascinated the tabloids, and much of the nation, in the 1930s and '40s had a more amateurish, homespun quality than we are now accustomed to.

Murder nowadays is an industrial production as savage as a corporate downsizing.

Killers for international drug cartels wipe out entire families -- men, women, children on orders from above.

Organized mobs use professional hit men who dispose of the results of their skills by having them ground up in industrial machinery and used for highway paving.

Modem murders rarely rate more than two days in the news before being shrugged off. We are stuffed by a steady diet of murder as both news and entertainment.

Compared with our industrial-style murderers, killers of the Prohibition and Depression years were mom-and-pop operators. The small-scale human messes they made kept the public fascinated

One of the juicier was the Hall-Mills case of the 1920s. The dead were a society clergyman and a lady of the choir. he trial featured a female farmer whose work among barnyard animals led the tabloids to christen her "the oig woman." The papers kept the story alive for years, but no one was ever convicted.

Despite Prohibition violence, industrial-scale murder was so rare that the entire country was shocked in 1929 when Al Capone's thugs killed seven of "Bugs" Moran's men in a Chicago garage.

It was considered such a prodigiously monstrous act that it became famous across the country as "the St. Valentine's Day Massacre." Seven wouldn't be a very impressive score for today's drug-industry killers.

Winnie Judd's attempt to pull off a double murder seems ridiculously amateurish today. Americans have no patience with amateurs any-

New York Times Service

How the Ugly Battle Over Rothko Altered Lives

By Judith H. Dobrzynski

NEW YORK - When the Whitney Mu-seum of American Art entertained a crowd of 200 collectors and friends a few days before the official opening of its Mark Rothko retrospective in September, Kate Rothko, the artist's daughter, was one of the speakers. Trying to avoid controversy, she only alluded to the convoluted battle over her father's estate, a long-ago case of under-handed greed that bared the inner workings of the supposedly genteel art world.

Still, a friend later told her, someone crit-

icized her for resurrecting the past. "There is a feeling in the art world," said Rothko, a pathologisi who was 19 when her father committed suicide in 1970, "that this is

something they'd rather forget."

But it is not that easy. The Rothko case may be rarely menuoned nowadays, but there is little doubt that it had a lasting effect. For nearly a dozen years beginning in 1971. the art world and the public were transfixed by the battle between Rothko's executors, all of them his good friends, and his two children, who accused the exceutors of waste and fraud, and by the ensuing appeals and related which had been sold or consigned by his estate to the Marlborough Gallery in Manharran at deflated prices, were donated to

museums, probably enhancing their value. Rothko and his work became better known, further establishing his reputation. Marlborough lost its preeminence in contemporary art. Its flamboyant owner, Frank Lloyd, never recouped his reputation, and neither did Theodoros Stamos, a painter Rothko chose as an executor, Kate Rothko. who grew up in the middle of the New York art scene, grew disillusioned with her father's world. Even the public lost some innocence.

The Rothko affair was a flashing red light to many that in this field of bigh values and mysterious goings-on there's always a potential for this kind of dealing," said Andre Emmerich, a Manhattan dealer.

Over the years, artists, dealers and museums have seen their share of scandals, but few if any have approached the level of the Rothko affair in size or notoriety. Day after day, newspapers recounted courtroom testi-



litigation. As a result, many of Rothko's Kate Rothko: "I had grown up with an idealized view of the art world." luminous Abstract Expressionist paintings.

court ruling, it had sold more than 100 paintings - including a few that Rothko's children now say they would have kept - at less than market value to favored clients while it collected inflated commissions as high as 50 percent, compared with the 30 percent usually charged for an artist of his caliber. The executors, meanwhile, divided the estate's proceeds from Marlborough as their fees.

Ultimately Kate Rothko and her brother. Christopber, who was 6 when their father died at 67, were vindicated. In 1975, a New York state court ousted the executors, canceled their sweetheart contracts with Marlborough and fined them and the gallery \$9.2 million.

Later, while at his bome in the Bahamas. Lloyd was indicted by the Manhattan district anomey for tampering with evidence in the death," she said. case. He surrendered after years as a fugitive and was convicted on three counts in 1983. He died on April 7.

recalled that the case marked something of and the business side of the art world." mony under headlines like "Angry Exchange in Rothko Case" and "New Rothko Charges Denied by Gallery."

an intellectual coming of age for her. "I Both Rothkos are keen protectors of their expension of the

Before Marlborough was stopped by a itax a business world. I had grown up with an idealized view of the art world. Through their legal victory, she and Chris-

topher, who had directly inherited only a tenth of their father's paintings through the estate of their mother (who also died in 1970), won possession of half of the 2,000 works Rothko left behind. In the late 1970s they were valued at \$50 million. Rothko, 47, said the case continued to

cause ber pain. Although she and her brother still own many of the paintings from the: estate, she said she was frustrated that some paintings were sold by Marlborough before the ruling. Among those she says she would bave kept is "Homage to Matisse," now owned by the Edward R. Broida Trust. "I haven't seen it since the time of my father's

Christopher, 35, remembers nothing about the courtroom drama, he said, but added that it left him with "a certain cautiousness in deal-In a telephone interview. Kate Rothko ing with the business world, the legal world

Both Rothkos are keen protectors of their

beauty, as well as with those who see specific religious references in it. "I grew up knowing that content was very important to him." Rothko said. "He did not consider the Color" Field artists of the '70s in any way an out-growth of his work. He was stressing the emotional content and a spiritual content in the broad sense.

She said the case also taught artists a worldly lesson. "It opened artists' eyes to the concept that this was a business, not just an intellectual world." she said. "and it probably affected their estate planning.

John Silberman, a lawyer wbo counts many artists among his clients, agreed: "The positive side of the Rothko case was to heighten artists' sensibilities about the longterm care and disposal of their estates. Choosing the right people is a constant issue. When Rothko died, he left his works in the

care of three friends, all of whom have died: Morton Levine, an anthropology professor, Stamos, a Greek-born Abstract Expressionist, and Bernard Reis, an accountant and director of Mariborough. Reis drew up Rothko's will, bequeathing nearly all of his works to the Mark Rothko Foundation, which was supposed to see that they went to the right museums and collectors, with the pro-ceeds put to charitable purposes. In late 1970, the trustees changed its charter to make it focus on awarding grants to artists, neces-sitating sales of Rothko's works and allowing the sweetheart deal with Marlborough.

"The mystery was Bernard Reis." said Emmerich. "He delivered his great good friend Mark Rothko into the hands of Frank Lloyd. He was seen as a wonderful man, yet

he did something so base, so inexplicable.

The trustees and Lloyd escaped with what were seen as light sentences. Re is staved off creditors by filing for bankruptcy 11 months before his death. Stamos paid his share of the fine by signing over his house to the Rothko estate, but he was granted life tenancy.

Lloyd, who could bave served up to four?

years in prison, was ordered to create a scholarship fund and to sponsor art lectures for students. (No one contacted could recall any

details of the program or how long it lasted.)
Stamos never recovered as an artist. "His market is weak," said Diane Upright, a private dealer in Manhattan.

Perhaps paradoxically. Rothko's status benefited from the scandal, partly from the exposure. "It didn't hurt his reputation," Emmerich said. "It's a little like Van Goeh's

PEOPLE

THE smoky-voiced singer Peggy Lee bas been hospitalized in Los Angeles after suffering a stroke. Nicki Lee Foster said her 78-year-old mother had the stroke on Oct. 27. Foster said doctors were trying to determine wbether the stroke has caused permanent damage. Lee, who is a diabetic, is best known for the hit song "Fever" and won a Grammy Award in 1969 for "Is That All There Is?"

Caravaggio's masterpiece "The Taking of Christ" (1602), which is on indefinite loan to the National Gallery of Ireland, will make its first appearance in the Western Hemisphere from Feb. I through May 24. It will be the center-piece at the McMullen Museum of Art at Boston College of the exhibition "Saints and Sinners: Caravaggio and the Baroque Image."

Carrie Fisher has become addicted to prescription drugs and has checked into a detoxification program. Fisher, perhaps

best known for ber role as Princess Leia in the "Star Wars" trilogy and for her novel "Postcards Front the Edge," realized she had a problem shortly after undergoing dental surgery, a spokesman said. 'The combination of the prescribed medication required for manic depression and the pain medication prescribed to her recently from getting dental implants caused her to recognize the problem early on." the spokesman said.

Darlene Gillespie, the former Mouseketeer, must stand trial on securities fraud charges, a judge ruled, despite her claims that negative publicity makes it impossible for her to get a fair trial. Gillespie, who is free on bail, was an original member of television's 'Mickey Mouse Club' in the 1950s. She was indicted last year on 26 counts of conspiracy, securities fraud, mail fraud, obstruction of justice and perjury.

Soprano Drops Out of Met's 'La Traviata'

NEW YORK — The soprano Renee Fleming has withdrawn from the Metropolitan Opera's new "La Traviata." citing family reasons. Joseph Volpe, the Met's general manager, announced that Patricia Racette will sing Violetta in the four performances of "Traviata" scheduled for Fleming, beginning Nov. 23, plus two of the four Racette already was signed to sing. Racette made her Met debut in 1995 as Musena in "La Boheme." She also has sung Mimi in "Boheme" and roles in "Peter Grimes" and "The Tales of Hoffmann.

Fleming had received much publicity recently because she was to be the first soprano to sing in three new productions at the Met in one season since Roberta Peters did it in 1955-56.

Movies are no place for actors anymore. Arthur Penn says. "The studios are now moving away from actors," said the 76-year-old director of "Bonnie and Clyde," "The Miracle Worker" and "Alice's Restaurant." "Schwarzenegger. Van Damme? No one is going to the movies to see them act. Hollywood has surrendered movies to special effects," he said at the Virginia Film Festival in Charlottesville, where he was honored. "We've developed the no-known-human-being movie because that sells around the world."

A bracelet belonging to the writer and pilot Antoine de Saint-Exupery, which was found in a fisherman's net in September, will be banded over to his relatives, the authorities in Marseille said. Saint-Exupery, who wrote "The Little Prince." was lost in his plane over the Mediterranean in 1944 while on a reconnaissance mission. The authorities warned that anyone hunning for the wreck of the author's plane needed official authorization first.



REUNION - Three of the stars of the film "The Big Chill," Glenn Close, left, Jeff Goldblum and Mary Kay Place, in Hollywood for the rerelease première of the movie, which is celebrating its 15th anniversary



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